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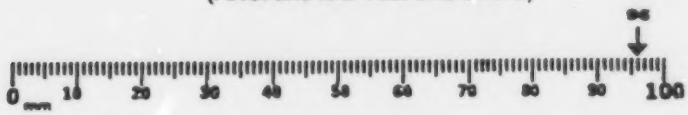

PM-1 3½"x4" PHOTOGRAPHIC MICROCOPY TARGET
NBS 1010a ANSI/ISO #2 EQUIVALENT

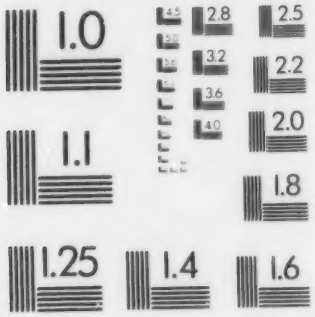

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Tableau de résolution

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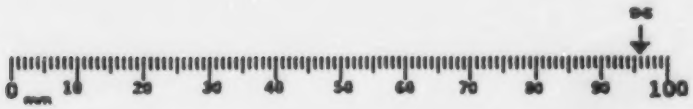

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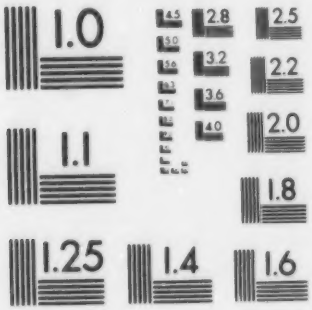

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Letters of Transmittal

Regina, Saskatchewan
August 2001

The Honourable Lynda Haverstock
Lieutenant-Governor of Saskatchewan

Your Honour:

I am pleased to submit the annual report of Saskatchewan Liquor and Gaming Authority for the period ending March 31, 2001. This report includes the financial statements in the form required by Treasury Board and in accordance with *The Alcohol and Gaming Regulation Act*.

During 2000-2001, the Authority built on past successes and introduced some new initiatives to improve the liquor and gaming industries in the province. The year also presented a number of challenges which were dealt with well by the staff of the Authority. I look forward to the Authority's continued success in 2001-2002.

Respectfully submitted,

Doreen E. Hamilton

Doreen Hamilton
Minister Responsible for Saskatchewan Liquor and Gaming Authority

Regina, Saskatchewan
August 2001

The Honourable Doreen Hamilton
Minister Responsible for Saskatchewan Liquor and Gaming Authority

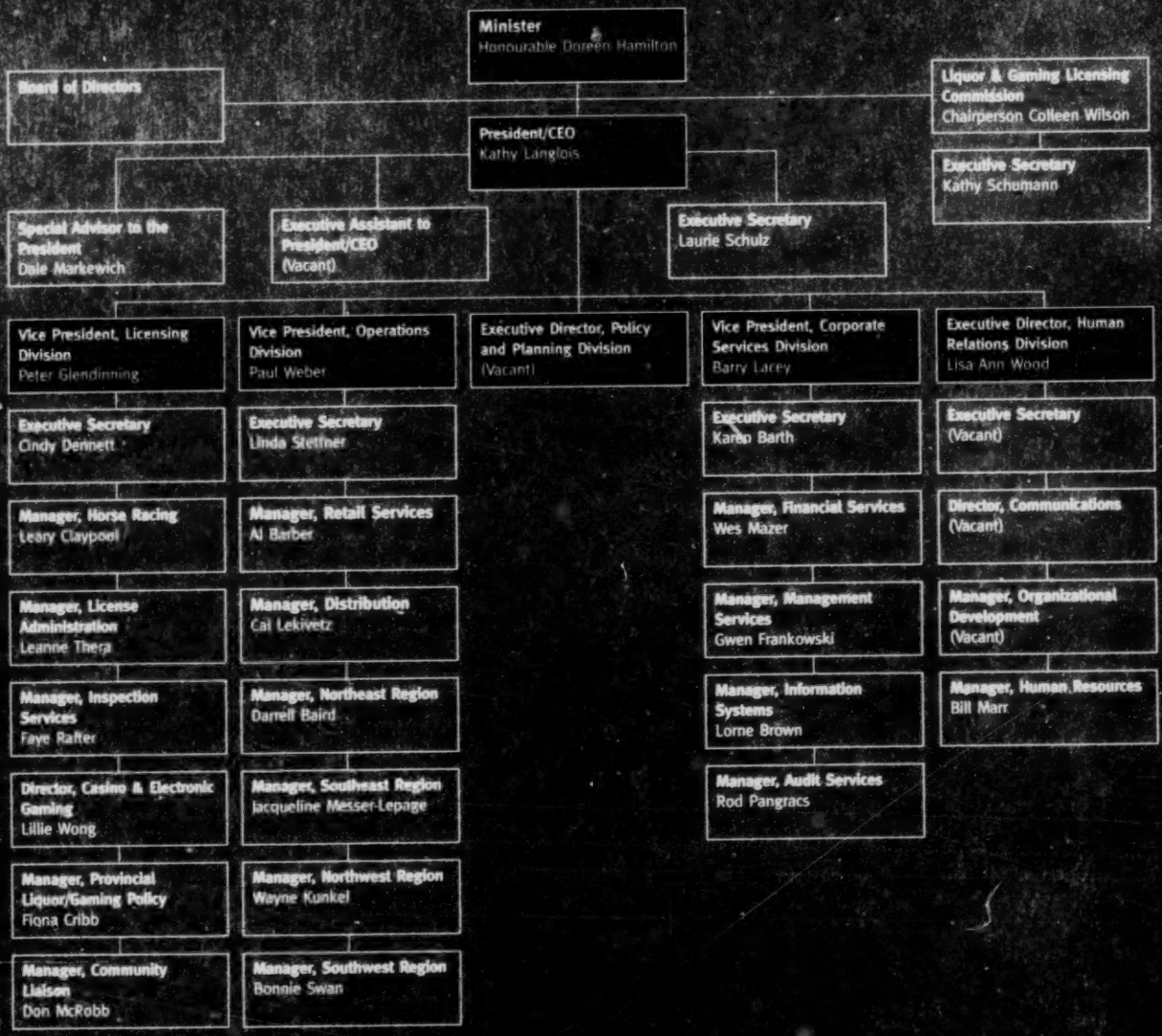
Madam:

On behalf of the staff of the Authority, I am pleased to present the eighth annual report of Saskatchewan Liquor and Gaming Authority for your consideration. This report details the activities of the Authority for the fiscal year ending March 31, 2001, in accordance with *The Alcohol and Gaming Regulation Act*.

Sincerely,

Kathy Langlois

Kathy Langlois
President and Chief Executive Officer


Minister
Honourable Doreen Hamilton
Board of Directors
Liquor & Gaming Licensing Commission
Chairperson Colleen Wilson
President/CEO
Kathy Langlois
Executive Secretary
Kathy Schumann
Special Advisor to the President
Dale Markewich
Executive Assistant to President/CEO
(Vacant)
Executive Secretary
Laurie Schulz
Vice President, Licensing Division
Peter Glendinning
Vice President, Operations Division
Paul Weber
Executive Director, Policy and Planning Division
(Vacant)
Vice President, Corporate Services Division
Barry Lacey
Executive Director, Human Relations Division
Lisa Ann Wood
Executive Secretary
Cindy Dennett
Executive Secretary
Linda Stettner
Executive Secretary
Karen Barth
Executive Secretary
(Vacant)
Manager, Horse Racing
Leary Claypool
Manager, Retail Services
Al Barber
Manager, Financial Services
Wes Mazer
Director, Communications
(Vacant)
Manager, License Administration
Leanne Thera
Manager, Distribution
Cal Lekivetz
Manager, Management Services
Gwen Frankowski
Manager, Organizational Development
(Vacant)
Manager, Inspection Services
Faye Rafter
Manager, Northeast Region
Darrell Baird
Manager, Information Systems
Lorne Brown
Manager, Human Resources
Bill Marr
Director, Casino & Electronic Gaming
Lillie Wong
Manager, Southeast Region
Jacqueline Messer-Lepage
Manager, Audit Services
Rod Pangracs
Manager, Provincial Liquor/Gaming Policy
Fiona Cribb
Manager, Northwest Region
Wayne Kunkel
Manager, Community Liaison
Don McRobb
Manager, Southwest Region
Bonnie Swan

102-00299/

Structure and Mandate

Saskatchewan Liquor and Gaming Authority (SLGA) is a Treasury Board Crown corporation responsible for the distribution, control and regulation of liquor and gaming across the province. The Authority achieves this through socially responsible, fair, and cost-effective services and programs delivered by employees located at its head office in Regina, a liquor distribution centre in Regina, an office in Saskatoon, and a network of 82 liquor stores in communities throughout the province. The Authority also has 187 franchise outlets throughout the province.

The Authority is the main distributor of and sole licensing agent for the sale of beverage alcohol in Saskatchewan. It owns and operates all video lottery terminals (VLTs) and owns and operates the slot machines at four casinos managed by Saskatchewan Indian Gaming Authority (SIGA). SLGA also licenses and regulates most forms of gaming, including bingo, raffles, casinos, break-open tickets and horse racing.

Overall, the Authority is guided in its operations by the following strategic goals:

- to provide and control equitable licensing and revenue opportunities to charities and business;
- to promote responsible use of liquor and gaming products;
- to promote and improve integrity in the liquor and gaming industries;
- to build responsive, cooperative relations with customers, interest groups and the public;
- to develop and maintain legislation and policy that is fair, clear and contemporary;
- to achieve net income targets through innovative revenue and expenditure strategies; and
- to improve service, teamwork and business processes continuously throughout the Authority.

The Authority is governed by ***The Alcohol and Gaming Regulation Act.*** It administers ***The Alcohol Control Regulations, 1994*** and ***The Gaming Licensing Regulations.***

SLGA | Year in Review

2000-2001 was an exciting year for Saskatchewan Liquor and Gaming Authority (SLGA). It undertook many initiatives designed to improve customer service and to better fulfill its regulatory functions.

The Authority remains committed to social responsibility. This commitment was apparent in the continued funding of several initiatives.

In the past fiscal year, the Authority continued and enhanced its efforts to promote prevention of Fetal Alcohol Syndrome (FAS). It increased its sponsorship of FAS public awareness initiatives to $15,000, from $10,000 in 1999-2000. The campaign featured television and radio advertising, media kits, posters, and liquor store bags and till tapes featuring FAS awareness messages.

The Authority, in partnership with the Hotels Association of Saskatchewan, Saskatchewan Government Insurance (SGI) and Saskatchewan Health, funds a provincial designated driver program. *Have Someone for the Road* encourages liquor-permitted establishments to provide designated drivers with free non-alcoholic beverages. The program has been very well received and more than 300 establishments currently participate.

For the third year, funding was provided for the *It's Good Business* server intervention program. The program gives servers in liquor-permitted establishments effective intervention techniques, which are used if a patron exhibits a problem with alcohol.

The Authority recognizes that gambling can become a problem for some people and has implemented programs to promote responsible use of gaming products.

All VLTs in the province display contact information for Saskatchewan's 1-800 Problem Gambling Helpline – Stickers are placed on all machines and a message scrolls across the screen of each VLT. All VLT sites are required to display posters provided by Saskatchewan Health that list the Help Line phone number.

Saskatchewan casinos also have voluntary admission ban programs in place. A person who has a problem with gambling may voluntarily enter into a written contract with the casino facility whereby the individual is banned from entering the casino for a specified amount of time. This program gives problem gamblers a mechanism to help control the level of their gambling activity.

Recognizing that its success and its contributions to the province depend upon healthy, motivated and well-trained staff, supported by quality business operations, the Authority is committed to continuous improvement and renewal.

The Liquor and Gaming Authority works in partnership with the Saskatchewan Government Employees Union (SGEU). In early 2000, the Authority and the three bargaining units of the SGEU who represent Authority staff began negotiating a single amalgamated agreement for all in-scope employees. In 2000-2001, the Authority completed the negotiations, which combined three former collective agreements into one.

The Authority completed major upgrades to its Broadway Avenue store in Regina.

The Authority implemented an Extended Health Plan this fiscal year. The Plan is effective April 1, 2001, for both in-scope and out-of-scope employees. This plan will provide peace of mind for employees of the Authority and their families, should any serious health problems arise.

The liquor store system continued to thrive in 2000-2001. As of March 31, 2001, there were 82 liquor stores and 187 franchise operations.

In Regina, the Authority worked in cooperation with the Regina Airport Authority on the development of a new liquor store at the Regina airport. The store, opened in December 2000, provides travellers and airport employees with a selection of more than 400 products. Expanded shopping hours were incorporated into the operational plan to accommodate the travelling public.

In addition to the new store at the Regina airport, the Authority completed major upgrades to its Broadway and Dewdney Avenue stores in Regina. Store facilities were expanded to accommodate increased product selection and services and provide patrons with a more contemporary shopping environment. The stores play an important role in the continuing revitalization of the neighbourhoods' shopping districts.

In September 2000, the Authority opened a new liquor store in North Battleford. The Authority partnered with the City of North Battleford and agreed to anchor its Town Square development with this building. The facility maintains the architectural integrity of the shopping district, with the exterior design complementing the neighbouring Allen Sapp Gallery and the court house. Columns salvaged from the demolished Royal Bank building were incorporated into the building's façade. The new liquor store has enhanced customer service through expanded parking, easier access, increased product selection and extended hours of operation.

The Authority also faced some serious challenges in 2000-2001. It faced these challenges head-on and quickly instituted measures to correct them.

In November 2000, the Provincial Auditor released his audit report on SLGA and Saskatchewan Indian Gaming Authority (SIGA) operations. The audit found that the Government's rules and procedures for managing electronic gaming were adequate except for the management of expenses at casinos operated by SIGA.

SLGA accepted all 16 recommendations in the Provincial Auditor's report and worked with SIGA to ensure appropriate policies and procedures were put into place. A list of significant progress benchmarks was established that SIGA would have to achieve before framework negotiations could continue. SLGA and SIGA worked steadily throughout the 2000-2001 fiscal year to make sure all of the Provincial Auditor's concerns were addressed in a suitable manner.

All Authority employees will continue to work together toward continuing the success which the Authority has enjoyed in the past.

Social Responsibility

The Saskatchewan Liquor and Gaming Authority strives to distribute, control and regulate beverage alcohol and gaming products in ways that promote social responsibility, fairness and cost effectiveness. Toward that goal, SLGA continued to guide and provide support to several social responsibility initiatives in 2000-2001.

The Authority continued to play a partnership role in anti-drinking-and-driving initiatives, as well as initiatives aimed at educating the public on the dangers of drinking alcohol during pregnancy. In addition, the Authority provided training for servers in establishments where video lottery terminals (VLTs) are located. This training allowed servers to gain knowledge about problem gambling. The Authority also continued its *Please Bring Your I.D.* program, in cooperation with the liquor permittee industry. The program strengthens identification requirements for purchasing alcohol.

Responsible use of liquor

Identification programs

The *Please Bring Your I.D.* program was launched in June 1999. It was developed by the Authority with the cooperation and support of the Hotels Association of Saskatchewan and the Canadian Restaurant and Foodservices Association.

The program was introduced as an interim measure to address the issue of minors using false identification to purchase alcohol. It is mandatory in the province's liquor stores, and optional for the hospitality industry.

The program requires customers, if asked, to provide three pieces of valid identification. One of the three pieces must display the customer's birth date. The accepted pieces are:

- driver's licence;
- birth certificate;
- treaty card/status card;
- debit card;
- Armed Forces identification card;
- baptismal certificate;
- university or college identification card *(with photo)*;
- health card;
- social insurance card;
- credit card;
- citizenship certificate; and
- passport.

The *Please Bring Your I.D.* program was strengthened in March 2001, with the announcement of a new, mandatory photo driver's licence for the province. The new licence was developed by a committee made up of representatives from the Authority, the liquor industry, and SGI. The committee's goal was to ensure that this form of identification, which is often used as proof of age in purchasing liquor, cannot be easily falsified or copied.

The new driver's licence will consist of two parts. One will be a new credit card-style photo identification card with several security features that make it very difficult to counterfeit. The second part is the annual paper certificate currently in use.

The ***Please Bring Your I.D.*** program was strengthened in March 2001, with the announcement of a new, mandatory photo driver's licence for the province.

It will be mandatory for all drivers to have the new photo driver's licence by June 1, 2003. New drivers and people under the age of 25 will be asked to have photo identification in the first year of the program. There is no cost to the driver for the photo portion of the licence.

However, not all customers have a driver's licence or are Saskatchewan residents. To accommodate them, the *Please Bring Your I.D.* program will be continued on a revised basis. The revised program requires a customer to have either the new SGI photo identification driver's licence or three pieces of identification, as previously outlined.

Fetal Alcohol Syndrome awareness

In 2000-2001, the Authority continued and expanded its efforts to assist in the prevention of Fetal Alcohol Syndrome (FAS) in the province. FAS is caused by alcohol use during pregnancy and leads to life-long learning and behavioural difficulties in affected children.

The Authority is a member of the Provincial FAS Coordinating Committee, chaired by the Saskatchewan Institute on Prevention of Handicaps. The committee has representatives from a number of government agencies as well as community and aboriginal groups.

The Authority also increased its sponsorship of FAS public awareness initiatives to $15,000, from $10,000 in the previous fiscal year. The awareness campaign featured television and radio advertisements. Radio advertisements were broadcast in English, Cree and Dene.

The Authority also funded the development and distribution of media kits containing copies of a taped advertisement. Radio stations were encouraged to play the awareness message as a public service announcement.

Liquor store bags and till tapes continue to display a FAS awareness message that was introduced in October 1997. The message – *Drinking Alcohol During Pregnancy Can Harm the Baby - We Have Fetal Alcohol Syndrome in our Community - Let's Find a Solution* – also appears on posters displayed in liquor stores and provided to hospitality establishments.

Designated driver program

The Authority, in partnership with the Hotels Association of Saskatchewan, SGI and Saskatchewan Health, funds a provincial designated driver program called *Have Someone for the Road*. The Authority has supported this program with $30,000 in annual funding since its establishment in 1995.

Have Someone for the Road promotes the message that individuals should not drink and drive by encouraging groups to designate a driver. When visiting a participating liquor-permitted establishment, the designated driver receives a wristband or a hand stamp to identify him or her to the server. The driver receives free, non-alcoholic beverages and, in return, ensures his or her group gets home safely.

The provincial program, in partnership with the private sector, provides promotional materials at below cost to participating establishments. **More than 300 establishments are currently participating in the program.**

The provincial program, in partnership with the private sector, provides promotional materials at below cost to participating establishments. More than 300 establishments are currently participating in the program.

Radio advertising was conducted throughout the year, targeted primarily at the long weekends during the summer months and the holiday season in December. These advertisements were intended to raise awareness of the need to designate a driver during holiday times, when alcohol consumption is more prevalent, and to raise awareness of businesses participating in the program.

The Authority also promotes the responsible use of beverage alcohol through its retail outlets. Since 1995-1996, liquor store bags and cash register tapes have carried the *Have Someone for the Road* designated driver message.

During 2000-2001, new posters for the campaign were also developed. They will be distributed to all participating establishments and liquor stores in the province later in 2001.

A survey of participating establishments was conducted to obtain feedback on potential new materials, advertising of participating businesses, and to determine how the program could be improved. Results of the survey will be incorporated into the program's longer-term goals.

It's Good Business

Last year marked the third year in which the Authority has joined SGI, Saskatchewan Health, the Saskatchewan Tourism Education Council and Labatt Breweries in supporting another initiative to address the issue of alcohol problems. The *It's Good Business* server intervention program is coordinated by the education council. It gives servers in liquor-permitted establishments effective intervention techniques for dealing with patrons who exhibit problems with alcohol.

The Authority has a representative on the program's committee and contributes to its overall direction and activities.

Canadian Association of Liquor Jurisdictions (CALJ)

During 2000-2001, the Authority took part in an initiative coordinated by the Canadian Association of Liquor Jurisdictions (CALJ), which represents liquor control agencies across the country. This was the second year that the CALJ planned a nation-wide poster campaign to raise awareness of the negative consequences of mixing alcohol and recreational water activities. Saskatchewan's liquor stores displayed a *Don't Drink and Drive* poster, urging people not to drink alcohol and operate a boat, and a *Don't Go Overboard* poster, which promoted boat and water safety.

It is anticipated that CALJ's national awareness campaign will be broadened in 2001-2002 to include other forms of media, and will address other issues surrounding the socially responsible sales of beverage alcohol. The Authority has been working with the social responsibility coordinators in other jurisdictions to plan this campaign, which is expected to be launched in late 2001.

To further promote the responsible use of VLTs, the Authority continued a site contractor training program. The program was originally developed by the Authority.

Responsible use of VLTs

SLGA operates and regulates the network of VLTs across the province. As part of its commitment to the responsible use of gaming products, the Authority maintains a cap on the number of VLTs and restricts the placement of VLTs to age-restricted, liquor-permitted establishments. This ensures minors do not have access to the machines and cannot watch them being played.

All VLTs in the province display contact information for Saskatchewan's 1-800 Problem Gambling Help Line – Stickers are placed on all machines and a message scrolls across the screen of each VLT. All VLT sites are required to display posters provided by Saskatchewan Health that list the Help Line phone number.

To further promote the responsible use of VLTs, the Authority in 1998-1999, developed and delivered a site contractor training program. This initiative provides training to VLT site contractors to enable them to develop socially responsible business policies, including a range of customer assistance strategies to help patrons who may have a problem with VLT gaming. The one-day training sessions were mandatory for at least one individual, preferably a manager or owner, in each establishment with VLTs.

The first series of training sessions wrapped up in 1999-2000, with approximately 900 people taking part. One session was held in 2000-2001 in Saskatoon, for new sites and those that were unable to send a representative to the first sessions.

The results of a follow-up questionnaire, sent to all attendees, indicate the program is a success. They suggest that as a result of the training, site personnel have a better understanding of problem gambling, a greater awareness of resources available to help customers with gambling problems and increased confidence in directing interested customers toward appropriate sources. Site personnel indicated they would recommend the training to others in the industry.

Voluntary admission ban program

Saskatchewan casinos have voluntary admission ban programs in place. Provisions are contained in the casino Terms and Conditions and Regulations and the *Alcohol and Gaming Regulation Act* that permit casinos to administer these programs. An individual who has a problem with gambling may voluntarily enter into a written contract with the casino whereby the individual is banned from entering the facility for a specified period of time. Pamphlets are available to explain this program to customers. This program gives problem gamblers a mechanism to help control the level of their gambling activity.

Awareness training

As part of the orientation training programs for new employees, casinos in Saskatchewan offer training on problem gambling awareness. This training helps casino employees learn how they can help customers who may be experiencing problems with their gaming activities.

Liquor | Permittees

In 2000-2001, the province's hospitality sector saw the implementation of changes to the off-sale system as well as the completion of a review of regulatory and policy issues with respect to brew pubs.

Commercial permittees

A total of 1,713 commercial liquor permits were issued in 2000-2001, an increase of 31 from the previous year. Growth occurred predominantly in the number of tavern permits issued for both nightclubs (10) and brew pubs (2). In addition, restaurant permits increased by a total of 13.

Off-sale and brew pub changes

Regulatory amendments were introduced in July 2000 to remove the population restrictions for off-sale endorsements in the province's four largest cities: Regina, Saskatoon, Prince Albert, and Moose Jaw. At the same time, the distance requirement for off-sale sites in Regina and Saskatoon was removed.

These changes were a result of recommendations arising from an independent review and consultation with the industry that occurred in 1999. At that time, population and distance restrictions on the issuance of off-sale endorsements had created an uneven playing field in the industry. Changes to the regulations were specific to the existing types of outlets that qualified for beer off-sale.

The number of off-sale outlets in the four major cities did not see a significant change during the year that followed, suggesting that the regulatory amendments did not compromise the existing market through increased competition.

In addition to the changes to off-sale endorsements, significant industry consultation occurred in 2000 regarding proposed regulations surrounding the brew pub industry. Initial consultation highlighted a general lack of consensus with respect to brew pub standards.

In response, regulations specific to brew pub operations were introduced to address the issue of industry standardization. These standards were directed at proposed brew pub operations as well as existing locations. Specifically, the regulations clearly define parameters regarding suitability of premises for the purpose of manufacturing beer, quality controls with respect to the product produced by brew pubs, maximum allowable capacities and production reporting requirements.

Special occasion permits

The total number of special occasion permits issued this year decreased by 71. These permits are traditionally used for events such as weddings, family gatherings, community events, club meetings and fundraisers. Given that these events are somewhat sporadic in nature, it can be anticipated that a fluctuation in numbers in any particular year will be seen.

The number of special occasion permits issued for non-sale, cost-recovery and community events remained virtually unchanged from the previous fiscal year.

One area that saw significant change was that of sale permits, which are primarily issued for family functions and weddings. Many factors may have influenced the number of permits issued, including the impact of millennium celebrations in the previous year.

Despite the net reduction in permits issued over the year, the system continues to be popular with families, groups, and clubs in the province.

Commercial liquor permits issued

Type of permit	As of March 31, 2000	As of March 31, 2001
Tavern Permits (Beverage Rooms)	479	479 ***
Tavern Permits (Nightclubs)	42	52
Tavern Permits (Brew Pubs)	14	16 ****
Restaurant Permits	468	475 *
Restaurant Permits (with Lounge endorsement)	323	329
Special Use Permits	334	336 **
Manufacturer Permits (Brew Pubs)	16	18
Manufacturer Permits (Brewer)	4	6
Manufacturer Permits (Winery)	2	2
Total	**1682**	**1713**

* In addition, 4 Seasonal Restaurant Permits were issued and expired prior to March 31, 2001.
** In addition, 87 Seasonal Special Use Permits were issued and expired prior to March 31, 2001.
*** 6 have no off-sale endorsement.
**** 1 has no off-sale endorsement.

Special occasion permits issued

Type of permit	1996/1997	1997/1998	1998/1999	1999/2000	2000/2001
Non-Sale	5,884	5,868	5,402	5,189	5,190
Annual	303	314	279	292	274
Sale of Liquor	9,756	9,953	9,795	9,403	9,232
Cost Recovery	4,045	4,095	4,066	4,295	4,295
Community Event	881	917	1,118	1,125	1,225
Other	85	93	83	100	117
Totals	**20,954**	**21,240**	**20,743**	**20,404**	**20,333**

The Authority worked in cooperation with the Regina Airport Authority

Liquor | Operations

The Authority operates 82 liquor stores, including four full-line specialty stores. Located on Second Avenue North and Eighth Street East in Saskatoon, and on Albert Street South and Victoria Avenue East in Regina, these specialty stores carry all products listed by the Authority. The Authority also oversees the operation of three duty-free shops, located in the Saskatoon and Regina airports and at the North Portal border crossing.

The province's franchise network continued to flourish in 2000-2001, with service provided to 187 communities. The franchise system allows private businesses to enter into an agreement with the Authority to sell beverage alcohol on its behalf in a community not supported by a liquor store.

Improvements to the province's liquor retail system continued this year, with a number of customer service enhancements implemented and facilities upgraded.

Customer service enhancements

A major aspect of the Authority's customer service enhancements is the upgrading of the province's system of 82 liquor stores. During the past year, four major facility upgrades were completed and another project was launched.

The Authority worked in cooperation with the Regina Airport Authority on the development of a new liquor store at the Regina airport. The store, opened in December 2000, provides travellers and airport employees with a selection of more than 400 products. Expanded shopping hours were incorporated into the operational plan to accommodate the travelling public.

In addition to the new store at the Regina airport, the Authority completed major upgrades to its Broadway Avenue and Dewdney Avenue stores in Regina. Store facilities were expanded to accommodate increased product selection and services and provide patrons with a more contemporary shopping environment. The stores play an important role in the continuing revitalization of the neighbourhoods' shopping districts.

Wine, coolers and spirits purchased

Country	($000's)
Canada	$ 32,351
Australia	376
Chile	231
France	1,144
Germany	220
Italy	817
Netherlands	77
Portugal	81
South Africa	186
Spain	132
United Kingdom	764
United States	2,705
Other	276
Total wines and spirits purchased	$ 39,360

Liquor | Operations

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Fiscal year ending March 31, 2001

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Other		276
Total wines and spirits purchased	**$**	**39,360**

In September 2000, the Authority opened a new liquor store in North Battleford.

In September 2000, the Authority opened a new liquor store in North Battleford. The Authority partnered with the City of North Battleford and agreed to anchor its Town Square development with this building. The facility maintains the architectural integrity of the shopping district, with the exterior design complementing the neighbouring Allen Sapp Gallery and the court house. Columns salvaged from the demolished Royal Bank building were incorporated into the building's façade. The new liquor store has enhanced customer service through expanded parking, easier access, increased product selection and extended hours of operation.

During the year, the Authority announced a significant renovation of the Confederation Mall store in Saskatoon. Construction was scheduled to begin in April 2001, with a re-opening planned for late 2001. Similar to the upgrade completed in Regina last year, the rejuvenated Confederation Mall facility will offer an expanded product selection and a more comfortable shopping environment.

In addition to the upgrading of its facilities, the Authority began development of a new supply chain management system. This project, the Product Inventory and Sales Management System (PRISM), included a complete business process analysis and will provide the Authority with the opportunity to take advantage of e-commerce. the Internet and radio frequency functionality. The impetus for PRISM was a requirement of all liquor jurisdictions to adopt Universal Product Code (UPC) technologies by January 1, 2002.

Developed in concert with the PRISM project was a new Point-of-Sale (POS)replacement strategy. This project will involve a complete replacement of the hardware and software systems associated with the Point-of-Sale cash register network in Authority stores. The purpose is to replace aging equipment, and to accommodate UPC scanning technologies, new marketing initiatives and enhanced operational efficiency targets. A complete roll-out of the new retail POS system is expected during the 2002-2003 fiscal year.

To improve customer service, the Authority implemented a new Product Knowledge and Customer Assistance Training Program during the year. With an emphasis on product knowledge, the program will enable store employees to better respond to customer inquiries about individual products and Authority programs, thereby enhancing the level of customer service throughout the province.

Sales

Liquor sales volume climbed 0.7 per cent this fiscal year, marking the seventh consecutive year that sales have increased.

From a volume perspective, refreshment beverages, coolers and ciders led the way with a 14 per cent increase in sales. Spirit-based coolers, (+ 18 per cent), and ciders, (+ 13 per cent), accounted for the bulk of the increase. Overall wine sales increased 0.8 per cent last year, with a 6.5 per cent rise in sales of red table wine, and a 2.4 per cent decline in sales of high-volume white table wines. Sales of sparkling wine declined 26 per cent last year, following a significant sales increase the previous year during millennium celebrations.

LIQUOR STORE

Liquor sales volume climbed 0.7 per cent this fiscal year, marking the seventh consecutive year that sales have increased.

Beer purchased

Domestic		(000's)
Molson Saskatchewan Brewery Ltd., Sask.	$	59,331
Labatt Saskatchewan Brewery Ltd., Sask.		41,462
Great Western Brewing Co., Sask.		4,041
Sleeman Malting and Brewing Co., Ont.		614
Big Rock Brewery Ltd., Alta.		527
Subtotal		105,975
Imported		**(000's)**
Canadian agents	$	1,794
Other		32
Total beer purchased	$	107,801

Note: Beer purchases from domestic brewers includes excise tax and is purchased free on board the retail outlet.

Spirit sales remained relatively flat during the year. Although sales in the liqueur sub-category increased 11 per cent, 2.4 per cent and 1.0 per cent declines in the high-volume Canadian whiskey and rum sub-categories respectively, offset this positive performance.

Similarly, beer sales remained relatively flat during 2001-2002. Although a relatively small sub-category, imported beer sales rose 13 per cent. The high-volume domestic portfolio declined by 0.4 per cent. Within tne beer category, bottled beer again captured the dominant share of overall volume at approximately 84.3 per cent. Canned beer accounted for 15.7 per cent and keg draught, the remaining 0.9 per cent.

Listings and distribution

General listings in the Authority listing base declined to 1,041 during the year, down from 1,077 in the previous year. However, due to increased customer demand, :he specialty listing base, with its emphasis on fine wine, increased by 82 to 731. Domestic beer listings increased significantly from 230 in the previous year to 285, due to the advent of Sleeman Malting and Brewing Co. and its expanded product portfolio. Imported beer listings decreased to 30 during the year, from 43 in 1999-2000.

The Authority's distribution centre processed 12,320 orders last year. At an average of 148 cases per order for stores, and 24 cases per order for franchise orders, the central warehouse handled approximately 2.4 million cases of product.

Sales of sparkling wine fell 26 per cent last year, following a significant sales increase the previous year during millennium celebrations.

Schedule of sales by liquor store

Assiniboia	519	$ 927	$ 220	$ 1,147
Battleford	522	874	310	1,184
Biggar	525	580	247	827
Broadview	586	263	136	399
Buffalo Narrows	606	578	386	964
Canora	536	755	198	953
Carlyle	554	658	317	975
Carrot River	601	344	123	467
Creighton	542	995	201	1,196
Davidson	555	367	137	504
Esterhazy	556	744	297	1,041
Estevan	520	2,522	534	3,056
Foam Lake	597	524	126	650
Fort Qu'Appelle	553	1,231	419	1,650
Gravelbourg	518	543	171	714
Gull Lake	516	269	83	352
Hudson Bay	545	807	282	1,089
Humboldt	515	1,574	382	1,956
Indian Head	543	490	183	673
Ituna	531	333	93	426
Kamsack	512	713	272	985
Kelvington	541	452	127	579
Kerrobert	537	362	117	479
Kindersley	523	1,435	469	1,904
Kipling	528	403	132	535
La Loche	567	544	533	1,077

Liquor sales volume climbed 0.7 per cent this fiscal year, marking the seventh consecutive year that sales have increased.

Beer purchased

Fiscal year ending March 31, 2001

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Other		32
Total beer purchased	**$**	**107,801**

***Note:** Beer purchases from domestic brewers includes excise tax and is purchased free on board the retail outlet.*

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Schedule of sales by liquor store *Fiscal year ending March 31, 2001*

Location	Store number	Wine and coolers and spirits (000's)	Beer (000's)	Total (000's)
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Kelvington	541	452	127	579
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Kindersley	523	1,435	469	1,904
Kipling	528	403	132	535
La Loche	567	544	533	1,077

Schedule of sales by liquor store

Location	Store number	Wine and coolers and spirits (000's)	Beer (000's)	Total (000's)
La Ronge	**588**	**$ 2,164**	**$ 486**	**$ 2,650**
Langenburg	**563**	**293**	**120**	**413**
Lanigan	**564**	**387**	**167**	**554**
Leader	**551**	**352**	**130**	**482**
Lloydminster	**548**	**763**	**146**	**909**
Maple Creek	**521**	**719**	**245**	**964**
Meadow Lake	**532**	**1,690**	**565**	**2,255**
Melfort	**524**	**1,388**	**434**	**1,822**
Melville	**514**	**1,129**	**299**	**1,428**
Moose Jaw				
5 Manitoba Street	506	5,484	1,013	6,497
510-4th Avenue SW	562	950	253	1,203
Total Moose Jaw stores		**6,434**	**1,266**	**7,700**
Moosomin	**547**	**744**	**202**	**946**
Nipawin	**534**	**1,305**	**285**	**1,590**
North Battleford	**509**	**3,281**	**1,471**	**4,752**
Outlook	**576**	**474**	**175**	**649**
Ponteix	**579**	**243**	**83**	**326**
Preeceville	**605**	**481**	**189**	**670**
Prince Albert				
99-9th Street E	507	3,562	594	4,156
S. Hill Shoppers Mall	546	6,067	1,716	7,783
Total Prince Albert stores		**9,629**	**2,310**	**11,939**
Raymore	**568**	**309**	**80**	**389**
Regina				
Regina Airport	500	34	0	34
Broadway Shopping Centre	501	1,803	570	2,373
490 McCarthy Blvd N	502	5,140	1,986	7,126
1881 Broad Street	526	2,624	733	3,357
416 Albert Street N	550	6,659	2,331	8,990
2626 28th Avenue	557	9,359	1,906	11,265
4239 Dewdney Avenue	560	2,616	886	3,502
2550 Quance Street	580	8,926	2,914	11,840
Total Regina stores		**37,161**	**11,326**	**48,487**

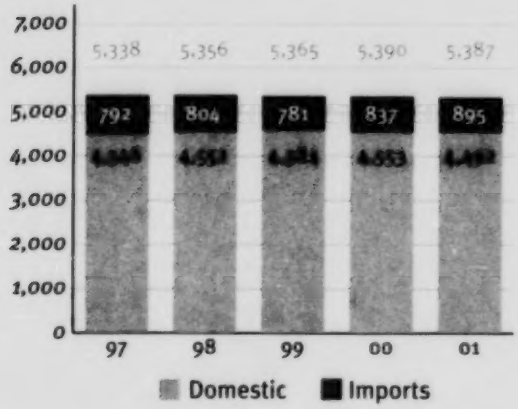
Schedule of sales by liquor store

Location	Store number	Wine and coolers and spirits (000's)	Beer (000's)	Total (000's)
Rosetown	**544**	**$ 866**	**$ 318**	**$ 1,184**
Rosthern	**513**	**363**	**197**	**560**
Saskatoon				
401 20th Street W	503	1,343	742	2,085
3120 8th Street E	505	8,693	2,481	11,174
301 2nd Avenue N	565	8,491	973	9,464
1701 Idylwyld Drive N	566	3,364	981	4,345
Lawson Heights	570	4,127	1,551	5,678
Confederation Mall	571	6,393	2,771	9,164
Sutherland	572	3,135	887	4,022
Avalon	574	1,818	720	2,538
Market Mall	577	4,186	947	5,133
Total Saskatoon stores		41,550	12,053	53,603
Shaunavon	**517**	**546**	**185**	**731**
Shellbrook	**600**	**527**	**213**	**740**
Stoughton	**604**	**265**	**82**	**347**
St. Walburg	**539**	**331**	**149**	**480**
Swift Current				
278 1st Avenue NE	510	2,665	678	3,343
Wheatland Mall	610	698	173	871
Total Swift Current stores		3,363	851	4,214
Tisdale	**538**	**1,011**	**271**	**1,282**
Unity	**599**	**651**	**264**	**915**
Wadena	**558**	**754**	**186**	**940**
Wakaw	**540**	**390**	**154**	**544**
Waskesiu (summer only)	**533**	**459**	**201**	**660**
Watrous	**530**	**571**	**207**	**778**
Watson	**549**	**421**	**188**	**609**
Weyburn	**511**	**2,186**	**349**	**2,535**
Wilkie	**527**	**321**	**177**	**498**
Wynyard	**535**	**639**	**120**	**759**
Yorkton	**508**	**4,026**	**1,130**	**5,156**
Special orders		1,078	2	1,080
Total		**148,551**	**43,771**	**192,322**

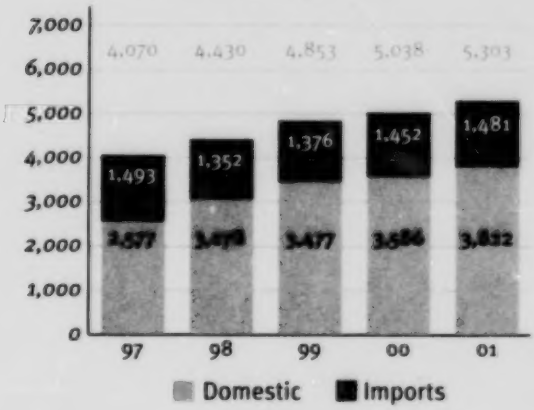
Volume of sales | Five year history

(Financial years ending March 31)

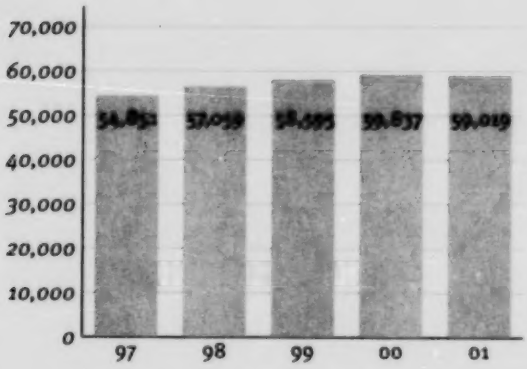
Spirits *(000's of litres)*



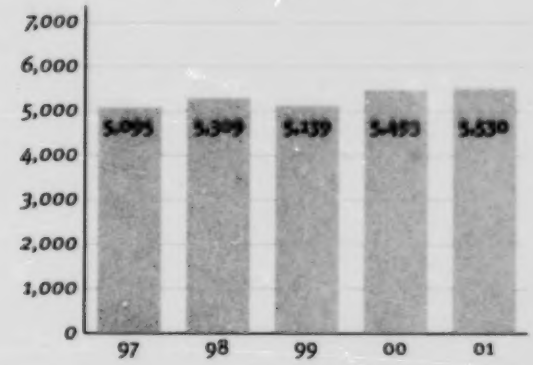
Wine and coolers *(000's of litres)*



Beer *(000's of litres)*



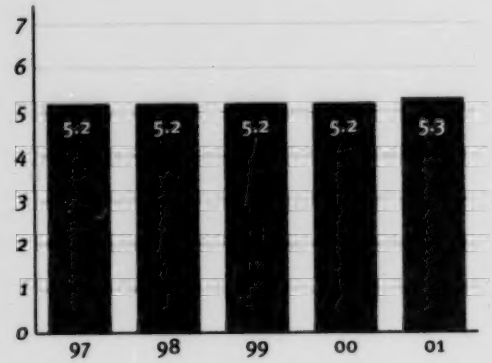
Absolute alcohol *(000's of litres)*



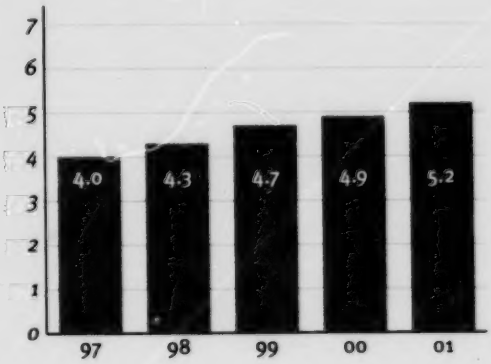
Per capita sales | Five year history

(Financial Years Ending March 31)

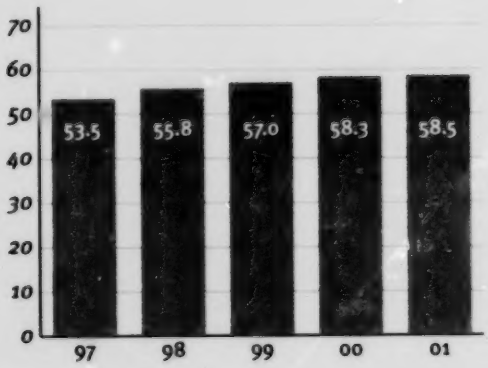
Spirits *(litres)*



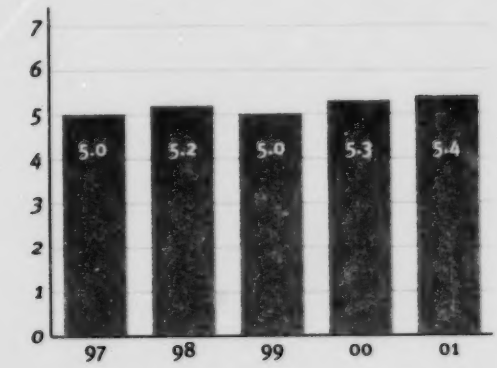
Wine and coolers *(litres)*



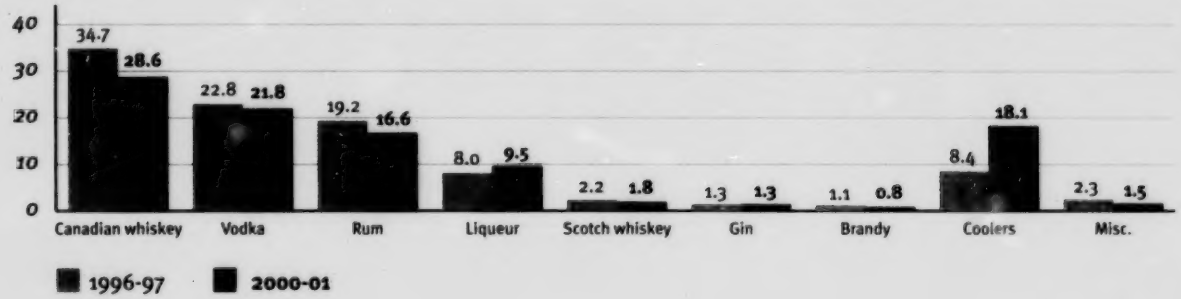
Beer *(litres)*



Absolute alcohol *(litres)*

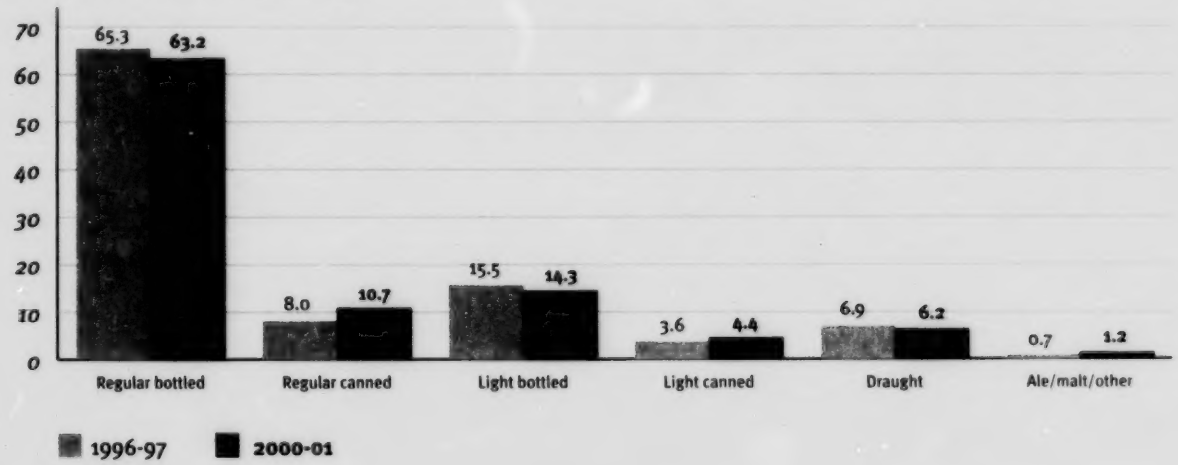


Share of spirit market *(Percentage)*



Share of wine market *(Percentage)*

Share of beer market *(Percentage)*



Gaming | Casinos

The Liquor and Gaming Authority regulates all six of the province's full-time casino operations, as well as part-time casino operations conducted by exhibition associations periodically throughout the year. This includes regulation of both gaming and liquor activities at the casinos.

Casino Regina

Owned and operated by the Government of Saskatchewan in cooperation with the province's First Nations, Casino Regina opened in January 1996.

Located in the historic Union Station, the casino is operated by the Saskatchewan Gaming Corporation, a Treasury Board Crown Corporation established in June 1994.

As of March 31, 2001, the casino had 441 gaming employees, 113 food and beverage employees and 53 corporate office employees. Approximately 53 per cent of the casino's 607 employees are of Aboriginal heritage.

Open seven days a week, Casino Regina offers, 620 slot machines and 37 table games, including roulette, poker, baccarat, red dog and blackjack.

The net profits from this casino are distributed in the following manner: 50 per cent of revenues are retained in the General Revenue Fund; 25 per cent are provided to the First Nations Fund; and 25 per cent are provided to the Associated Entities Fund. Profit figures for Casino Regina are detailed in the Saskatchewan Gaming Corporation's annual reports. The SGC is responsible for ensuring accountability of the funds to the Legislature and the public.

First Nations (SIGA) casinos

Saskatchewan has four First Nations casinos, created through an agreement between the Government and the Federation of Saskatchewan Indian Nations (FSIN). This arrangement, outlined in an agreement signed in February 1995 (Framework Agreement), provided for the establishment of these community-scaled casinos, and envisioned the establishment of the Saskatchewan Indian Gaming Authority (SIGA), which is licensed by the Authority to operate the casinos. SLGA owns and operates the slot machines at the four casinos operated by SIGA.

Provincial Auditor's Audit Report

In June 2000, the Provincial Auditor advised SLGA that his review of SIGA identified unauthorized use of funds by SIGA's Chief Executive Officer.

SLGA took immediate action by suspending the gaming registration of SIGA's CEO and formed a team of audit specialists to work closely with the Provincial Auditor in undertaking a special audit of SIGA.

The Government immediately suspended negotiations with the FSIN regarding the development of a new Framework Agreement and imposed a moratorium on casino expansion.

The Provincial Auditor published the results of his audit in his Fall 2000 Report. The Provincial Auditor reported that, overall, Government's rules and procedures for financial management of electronic gaming were adequate, except for the management of expenses at casinos operated by SIGA. The Provincial Auditor noted that SIGA's governance and management practices and its use of public money were unacceptable.

The Provincial Auditor noted that SIGA's governance and management practices and its use of public money were unacceptable.

The Provincial Auditor also noted that SLGA did not register all gaming suppliers, as required by *The Alcohol and Gaming Regulation Act*. The Provincial Auditor recommended that SLGA establish rules and procedures for registering all gaming suppliers. In consultation with SIGA and Saskatchewan Gaming Corporation, SLGA is developing a process to ensure that all gaming suppliers are properly registered in accordance with the requirements set out in *The Alcohol and Gaming Regulation Act*.

SLGA has accepted the Provincial Auditor's report in its entirety. As part of its action plan to implement the Provincial Auditor's recommendations, SLGA established eight significant progress benchmarks that SIGA was required to achieve before Framework Agreement negotiations between the Government and the FSIN would resume and before any negotiations related to the expansion of casino gaming would occur.

Given the progress SIGA had made toward reaching the significant progress benchmarks, the Framework Agreement that was to have expired on December 31, 2000, was extended until July 31, 2001. After July 31, 2001, a rolling 90-day extension permits operations to continue while the parties are negotiating new agreements. Negotiations on new gaming agreements will only take place upon SIGA achieving the significant progress benchmarks.

In March 2001, SLGA determined that $2.3 million of SIGA's expenses from November 1997 to June 2000 were not reasonable. Had SIGA not incurred the expenses, higher net profits would have been available to the General Revenue Fund (GRF), Associated Entities Fund (AEF), First Nations Fund (FNF) and Community Development Corporations (CDC). The GRF, AEF and CDC share of the higher net profits would have been $1.36 million.

Government is recovering this amount from future payments out of the GRF to the FNF, as provided for under a December 1995 agreement between the Government and the FSIN.

Significant Progress Benchmarks for SIGA

1. Acceptance and implementation of the new SIGA board structure mandated by SLGA.
2. Training and orientation for SIGA board members.
3. Acceptance and implementation of new policies and procedures mandated by SLGA.
4. Acceptance and implementation of the audit and finance committee of the SIGA board.
5. Appointment of an external provider for the internal audit function.
6. Acceptance of the Provincial Auditor as SIGA's auditor.
7. Monthly meetings between SIGA's board and SLGA.
8. SLGA participation in the selection of a permanent Chief Executive Officer and permanent Chief Financial Officer.

As of March 31, 2001, the First Nations casinos employed a total of 1,250 people; **seventy-one per cent of these employees are of Aboriginal heritage.**

Casino operations

The First Nations casinos offer a total of 620 slot machines and numerous table games on a seven-day-a-week basis. The slot machines are owned by the Liquor and Gaming Authority and operated through its agent, Western Canada Lottery Corporation (WCLC), in compliance with the Criminal Code of Canada.

As of March 31, 2001, the First Nations casinos employed a total of 1,250 people; 71 per cent of these employees are of Aboriginal heritage.

In 2000-01, SIGA reported a net profit of approximately $18.6 million. Distribution of the net profit is as follows: 37.5 per cent of revenues are provided to the General Revenue Fund and 37.5 per cent of revenues are provided to the First Nations Fund. The remaining 25 per cent from off-reserve casinos is directed to the Associated Entities Fund. For on-reserve casinos, this share of profits is directed to Community Development Corporations.

Gold Eagle Casino

Located in North Battleford, this First Nations casino opened in February 1996. It offers slot machines, blackjack and poker tables, a red dog game, roulette tables and a big wheel.

Northern Lights Casino

Opened in March 1996 in Prince Albert, the Northern Lights Casino is the largest of the four First Nations casinos. Along with slot machines, blackjack and poker tables, roulette games, a big wheel and baccarat and red dog tables, the casino also regularly offers entertainment.

Bear Claw Casino

The Bear Claw Casino, on the White Bear First Nation, opened in November 1996. The smallest of the First Nations casinos, it is housed in a new building that also contains a lodge. The casino offers slot machines and a number of table games, including blackjack and poker, a big wheel, and roulette and red dog tables.

Painted Hand Casino

Located in Yorkton, the Painted Hand Casino offers slot machines and a variety of table games, including blackjack and poker, a big wheel, and roulette and red dog tables. This casino opened in December 1996.

Exhibition casinos

The province's exhibition casinos generally operate on a temporary basis, in conjunction with annual events such as fairs or exhibitions. As a result of casino expansion in the province, many exhibition casinos chose to discontinue their regular casino operations, and the Government agreed to maintain their historic revenues from casino gaming through the Associated Entities Fund. The fund, which receives a portion of the revenues from the Saskatchewan Gaming Corporation and off-reserve First Nations casinos, is the responsibility of the province's Department of Culture, Youth, and Recreation. Details of payments from this fund are issued each year in an annual report.

This year, only one temporary casino licence was issued, for a four-day summer fair held in Swift Current. Two of the province's exhibition casinos continue to operate on a permanent basis.

Emerald Casino

Located in Saskatoon and operated by the Saskatoon Prairieland Exhibition Corporation, the Emerald Casino offers video lottery terminals (VLTs) and numerous table games. This casino can operate on a seven-day-a-week basis, and during 2000-2001 was open a total of 362 days.

Golden Nugget Casino

Run by the Moose Jaw Exhibition Association and based in that city, the Golden Nugget Casino operates four days a week. It has VLTs and a number of table games. In 2000-2001, it operated for a total of 208 days.

Gaming | VLT Program

The provincial video lottery terminal (VLT) program continued to provide increased revenue to the hospitality industry in 2000-2001.

In administering the VLT program, the Authority is committed to its vision of responsible public use of this gaming product. The VLT network is carefully controlled and regulated, with VLTs being allowed only in age-restricted, liquor-permitted establishments, where minors can neither play the machines nor watch them being played.

The Authority instituted a problem-gambling customer assistance training program in 1999. It requires one person from each VLT site to attend a one-day training session aimed at providing education on the issue of problem gambling, including: recognizing signs and symptoms; enhancing awareness of provincial and community programs, services and resources available; and providing tools to develop socially responsible business practices.

The Authority continued this training in 2000-2001 by holding one session. This allowed new sites the opportunity to benefit from this program.

As of March 31, 2001	
Number of VLTs	3,561
Number of sites	643
Number of communities	321

This year, site contractor revenues increased to $34.6 million, up from $33 million in 1999-2000. Provincial net VLT revenues also increased, to approximately $180 million. This is an increase of approximately $10 million.

The continued financial success of this program can be partly attributed to an ongoing redistribution program. Introduced in 1997, the redistribution program reviews the financial performance of the VLTs to ensure that each site is matched with an appropriate number of machines for its level of customer interest. The program was instituted due to the limited number of machines in the network. The province is maintaining its cap of 3,600 machines.

Each VLT's financial performance at its present location in the network is assessed. Based on that assessment, the level of customer interest is determined, and the number of machines is increased or decreased to meet the level of demand. The program ensures each VLT machine is used as effectively as possible.

The last redistribution took place in 1999 and another will take place in 2001-2002. In fiscal 2000, a redistribution strategy was formulated and a letter was sent to all VLT sites advising them on how they would be affected. The redistribution examined sites with three VLTs that, because they did not meet a minimum level of activity, would each have one VLT removed. New sites would now receive two VLTs, where previously the Authority's policy has been a minimum of three VLTs per site and a maximum of 12.

It is anticipated that, by continuing this redistribution program, the benefits of the program will continue to grow.

Video Lottery Terminals

	(In millions)	(In millions)
Dollars deposited	$ 709.7	
Value of credits played		$ 2,967.5
Value of credits won (prizes)		2,744.7
Dollars cashed out	484.8	
Gross revenue	$ 224.9	

Average prize payout =

$$\frac{\text{Value of credits won (prizes) } \$\ 2{,}744.7}{\text{Value of credits played } 2{,}967.5} = 92.5\%$$

In October 2000, two Requests for Proposals (RFPs) were issued by Western Canada Lottery Corporation, on behalf of the Liquor and Gaming Authority. Proposals were sought for the replacement of the VLTs and the central computer system, which are approximately eight years old. The VLTs are becoming increasingly difficult to maintain, due in part to obsolescence and extended wear and tear. The existing central system software is also antiquated and becoming difficult to support. It is anticipated that the evaluation process will be completed in late 2001 and the implementation schedule will be dependent upon the time required to negotiate contracts, receive and test equipment and physically replace the existing provincial network.

As of March 31, 2001, there were in total 3,561 VLT machines, located in 643 sites in 321 communities.

This year, site contractor revenues increased to $34.6 million, up from $33 million in 1999-2000. Provincial net VLT revenues also increased, to approximately $180 million. **This is an increase of approximately $10 million.**

Gaming | VLT Program

The provincial video lottery terminal (VLT) program continued to provide increased revenue to the hospitality industry in 2000-2001.

In administering the VLT program, the Authority is committed to its vision of responsible public use of this gaming product. The VLT network is carefully controlled and regulated, with VLTs being allowed only in age-restricted, liquor-permitted establishments, where minors can neither play the machines nor watch them being played.

The Authority instituted a problem-gambling customer assistance training program in 1999. It requires one person from each VLT site to attend a one-day training session aimed at providing education on the issue of problem gambling, including: recognizing signs and symptoms; enhancing awareness of provincial and community programs, services and resources available; and providing tools to develop socially responsible business practices.

The Authority continued this training in 2000-2001 by holding one session. This allowed new sites the opportunity to benefit from this program.

As of March 31, 2001	
Number of VLTs	3,561
Number of sites	643
Number of communities	321

This year, site contractor revenues increased to $34.6 million, up from $33 million in 1999-2000. Provincial net VLT revenues also increased, to approximately $180 million. This is an increase of approximately $10 million.

The continued financial success of this program can be partly attributed to an ongoing redistribution program. Introduced in 1997, the redistribution program reviews the financial performance of the VLTs to ensure that each site is matched with an appropriate number of machines for its level of customer interest. The program was instituted due to the limited number of machines in the network. The province is maintaining its cap of 3,600 machines.

Each VLT's financial performance at its present location in the network is assessed. Based on that assessment, the level of customer interest is determined, and the number of machines is increased or decreased to meet the level of demand. The program ensures each VLT machine is used as effectively as possible.

The last redistribution took place in 1999 and another will take place in 2001-2002. In fiscal 2000, a redistribution strategy was formulated and a letter was sent to all VLT sites advising them on how they would be affected. The redistribution examined sites with three VLTs that, because they did not meet a minimum level of activity, would each have one VLT removed. New sites would now receive two VLTs, where previously the Authority's policy has been a minimum of three VLTs per site and a maximum of 12.

It is anticipated that, by continuing this redistribution program, the benefits of the program will continue to grow.

Video Lottery Terminals

	(In millions)	(In millions)
Dollars deposited	$ 709.7	
Value of credits played		$ 2,967.5
Value of credits won (prizes)		2,744.7
Dollars cashed out	484.8	
Gross revenue	**$ 224.9**	

Average prize payout =

Value of credits won (prizes)	$ 2,744.7	= 92.5%
Value of credits played	2,967.5	

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This year, site contractor revenues increased to $34.6 million, up from $33 million in 1999-2000. Provincial net VLT revenues also increased, to approximately $180 million. This is an increase of approximately $10 million.

Gaming | Charity Gaming

The provincial charity gaming market remained quite stable this year, as the industry and the Authority continued initiatives designed to enhance this valued market.

The total number of licences issued dropped from 4,717 in 1999-2000 to 4,457 in 2000-2001. In total, approximately $179.7 million was spent on bingo, break-open tickets, and raffles, compared to approximately $176.3 million in 1999-2000. Saskatchewan charities received approximately $38 million from these fundraising activities last year compared to $38.1 million in 1999-2000.

Break-open tickets

In recent years, break-open ticket sales and the charity revenues from these games have gradually decreased. During the 2000-2001 fiscal year, a slight shift was noted, with gross sales increasing from approximately $33.2 million in 1999-2000 to roughly $37.1 million last year. The charity revenues have also increased slightly, from $6.6 million in 1999-2000 to $6.8 million in 2000-2001.

Much of the increase in the break-open sales can be attributed to an initiative undertaken to stabilize the declining revenues in this gaming area, particularly in the hospital break-open program. The Authority introduced break-open vending machines into liquor-permitted venues, with implementation starting in February, 2000. Approximately 285 machines have been installed, with the beneficiaries of ticket sales being the Regina and Saskatoon hospital foundations.

The impact of the break-open vending machines on the revenues earned by the hospital foundations has been positive. In its first full year of operation, the hospital break-open program has seen sales increase from approximately $6.7 million in 1999-2000 to approximately $10.2 million in 2000-2001. The hospital foundations have seen their revenues increase from approximately $570,000 in 1999-2000 to approximately $1.1 million this past fiscal year.

Bingo

The bingo market saw little change in 2000-2001 as gross sales increased only slightly over the previous year. Gross bingo sales for 2000-2001 – including Mega Bingo – were approximately $119 million – compared to $118.8 million in 1999-2000. Revenues to charities, including Mega Bingo proceeds, were $22.9 million in 2000-2001, compared to $22.3 million in the previous year.

Sask. Charities Mega Bingo, a province-wide bingo game, was introduced to the province on February 23, 2000. It links players in bingo halls across the province, enabling them to participate in the same game, and offers a large prize pool based upon nightly game sales. The past fiscal year was the first full year of operation for Sask. Charities Mega Bingo. Approximately $7.3 million was generated in sales, charities earned $1.35 million. Although the average nightly jackpots were typically less than $10,000, progressive jackpot prizes of $40,000 and $50,000 were awarded to lucky bingo players from all over Saskatchewan. The largest prize awarded was $51,278.

On average, there were 40 sites participating in Sask. Charities Mega Bingo each night. There were winners throughout the year, from such places as Weyburn, Swift Current, Humboldt, Creighton, Saskatoon, Lloydminster, Prince Albert, Regina, Estevan, North Battleford, Fort

The hospital foundations have seen their revenues increase from approximately $570,000 in 1999-2000 to approximately $1.1 million this past fiscal year.

Licence type	Gross spending	Charity share	Authority administration fee receipts
Bingo	$ 111,691,169	$ 21,519,787	
Mega Bingo	7,294,468	1,349,175	
Total Bingo	118,985,637	22,868,962	$ 79,250
Break-open	37,132,827	6,772,629	28,120
Raffle	23,540,089	8,303,863	12,080
Total	179,658,553	37,945,454	119,450

Qu'Appelle, Meadow Lake, Moose Jaw, Yorkton, Ituna, Melfort, Melville, Dorintosh, Buffalo Narrows, Livelong, Kindersley, Tisdale, La Ronge, Macklin, Unity, Loon Lake, Esterhazy, Maple Creek, Fox Valley, Canora, Nipawin, Wadena, Elfros, Porcupine Plain, Pierceland, Kelvington, Quinton, Makwa, Preeceville, Carnduff, Duck Lake and Hudson Bay.

Despite efforts to encourage participation, Sask. Charities Mega Bingo has been unable to attract the anticipated level of new player interest. A degree of cannibalization of the existing market was identified over the past year. In an effort to address this issue, the Authority established an industry working committee to look at opportunities to generate interest and improve the current game. This initiative should assist in the realization of industry objectives over the year to come. A high-value jackpot game is seen to be a positive enhancement to the game of bingo.

Raffles

Although the raffle market saw a slight decline in gross sales, the charitable revenues remained stable in 2000-2001. Gross sales decreased from $24.2 million in 1999-2000 to $23.5 million in 2000-2001. However, charity revenues remained at $8.3 million in 2000-2001, the same amount as in 1999-2000.

The large raffle market, which includes raffles with a prize value over $100,000, remained stable. There were 18 large raffle licences issued in 2000-2001, the same number issued the previous year. The stability in this area would suggest that the market has found an appropriate level for lotteries of this nature.

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Gaming | Horse racing

The horse racing industry in Saskatchewan continued to face challenges in 2000-2001. However, there were some bright spots, such as, after a five-year absence, Yorkton once again hosted a live race meet, featuring thoroughbred, quarter horse, appaloosa, and paint horses.

Licences issued

The number of standardbred licences issued declined from 334 in 1999-2000 to 262 in 2000-2001. The Authority, as in past years, continued to issue licences for a period of three years. This is welcomed by members of the industry and may account for the decline in numbers of licences issued.

Numbers of thoroughbred and quarter horse licences issued increased to 630 in 2000-2001 from 545 in 1999-2000. Sundry licences issued in 2000-2001 included 142 for Marquis Downs and 54 for Queensbury Downs.

Wagering/handle

The provincial handle includes amounts wagered at Marquis Downs in Saskatoon, Queensbury Downs in Regina and all simulcast and teletheatre bets. The provincial handle declined $1.7 million, from approximately $15.4 million in 1999-2000 to about $13.7 million in 2000-2001.

Live and simulcast wagering at Marquis Downs and teletheatres in Saskatoon declined from approximately $6.8 million to $6.6 million in 2001-2001. Live and simulcast racing in Regina saw approximately $5.1 million wagered, a decline from $5.5 million in 1999-2000.

Part of the decline in wagering and handle is attributable to the closure of the northern teletheatres for part of 2000-2001. This closure was due to a change in the number of race days at Marquis Downs. The teletheatres were reopened later in the year.

Live racing generated $900,303 in 2000-2001 down from $1.1 million the previous year.

2000-2001 Horse racing grants

Queensbury Downs grants for standardbred, quarter horse and thoroughbred		
Queensbury Downs operator grant	$	204,246
Standardbred purse support		204,246
Standardbred purse support		123,500
Restricted standardbred races		34,132
Sask colt futurity - standardbred		5,000
Sask colt stake - standardbred		5,000
Standardbred purse support		100,000
Standardbred incentive		16,000
Standardbred open races		34,132
Quarter horse purse support		5,000
Facility grant		10,000
Marquis Downs grants - thoroughbred and quarter horse		
Marquis Downs operator grant	$	259,949
Thoroughbred purse support		259,949
Prairie Lily		5,000
Heritage races		16,000
Thoroughbred incentive support		123,500
Thoroughbred mare futurity		5,000
Thoroughbred open races		43,441
Operator incremental grant		100,000
Quarter horse 3000 x 2		6,000
Thoroughbred restricted races		43,441
Facility grant		10,000
Thoroughbred purse support		10,000
Annual awards - SSHA	$	500
Millenium Home Coming		1,500
Colt stake purse support		10,000
Yorkton operator grant	$	7,500
Speed horse purse support		7,500
Vet college grant	$	10,000
TOTAL GRANTS	**$**	**1,660,536**

Pari-mutuel handles

	2000	Fiscal Year *April 1, 2000 – March 31, 2001*
Marquis Downs – live racing	$ 598,417	$ 598,417
Emerald Casino / Saskatoon	5,398,055	6,063,901
Bridges Brew Pub	606,344	363,565
Champs Sports Bar	207,238	75,414
Venice House	330,231	131,267
Saskatoon Total	**7,190,285**	**7,232,564**
Queensbury Down – live racing	301,886	301,886
Regina	5,183,820	5,037,049
Regina Total	**5,485,706**	**5,338,935**
Prince Albert	751,628	761,776
Melfort	141,104	108,859
North Battleford	311,250	210,095
Northern Teletheatres Total	**1,203,982**	**1,080,730**
Moose Jaw	299,394	298,575
Melville	109,084	80,923
Swift Current	555,143	477,794
Southern Teletheatres Total	**963,621**	**857,292**
Provincial Total	**14,843,594**	**14,509,521**

Yorkton hosted a live race meet, featuring thoroughbred, quarter horse, appaloosa and paint horses.

Horse Inventory for 2000-2001

	Thoroughbred	Quarter Horse	Standardbred	
Number of Horses	409	63	263	
Number of Starts	1809	63	2276	
Saskatchewan Bred	123	N/A	33	
Saskatchewan Owned	348	N/A	99	
Avg. starts/horse	4.4	1.0	8.7	
Number of Races With:	**8 Horses or More**	**7 Horses/Race**	**6 Horses/Race**	**5 Horses or Less**
Thoroughbred	32	58	94	107
Quarter Horse	1	4	6	5
Standardbred	76	119	93	58

Grants

The Authority's Horse Racing Branch provides grants to various horse racing industry groups to help maintain the horse racing industry. Under the grant system, pari-mutuel tax collected on the wagering is returned in the form of grants for stake races, purse support and other programs.

In 2000-2001, the grant program returned $1.66 million to the industry. This compares to $1.65 million the previous year.

Horse inventory

Thoroughbred numbers declined to 409 in 2000-2001 from 452 in 1999-2000, while quarter horse numbers increased to 63 in 2000-2001 from 47 in 1999-2000. Standardbred numbers declined from 306 in 1999-2000 to 263 in the past year.

Horse Racing and Breeding Advisory Board

Plans to reinvigorate the horse racing industry continue to be reviewed by the Saskatchewan Horse Racing and Breeding Advisory Board. The Board was appointed by the Minister responsible for SLGA in 1996, with the goal of developing a long-term strategy for enhancing the strength and viability of horse racing in Saskatchewan.

As of March 31, 2001, the members are:

Jean Hayden – *Chair* – Saskatoon
Edmond Esquirol – Saskatoon
Lloyd Weeseekase – Blaine Lake
Alvey Halbgewachs – Regina
Doug King – Saskatoon
Leonard Ketchemonia – Regina

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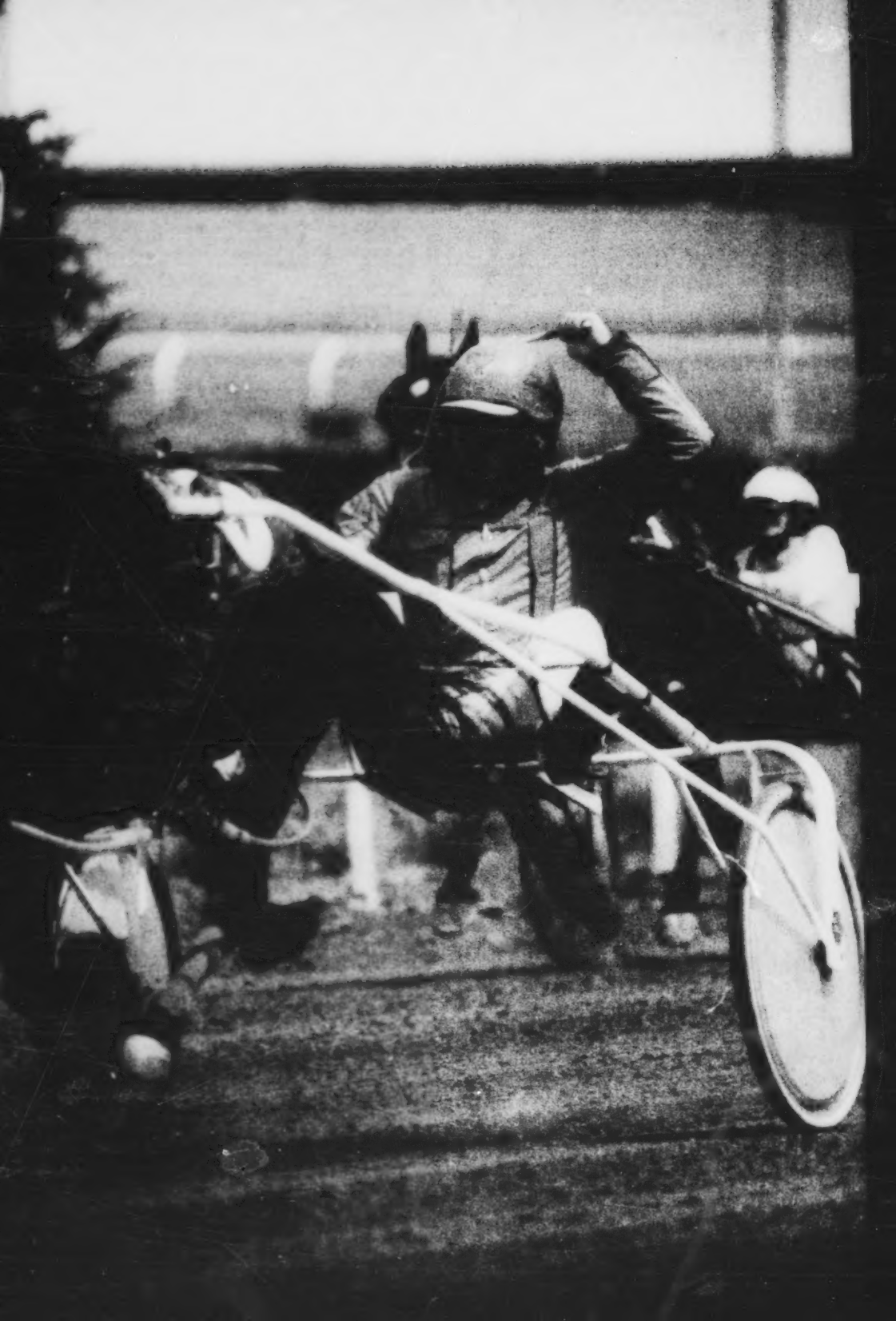

Compliance

The Authority's compliance branches continue to maintain a close working relationship with law enforcement and other regulatory agencies to support greater effectiveness of the regulatory function, and to improve timeliness of action.

The Authority continues to develop systems and practices for the registration of gaming employees, and the registration provincially of suppliers of gaming and non-gaming goods and services to the gaming industry.

In 2000-2001, 2,600 gaming employees and 70 suppliers of gaming and non-gaming goods were registered by Inspection Services Branch.

In 2000-2001, Inspection Services conducted 1,577 full investigations into complaints and occurrences found as a result of the inspection process. In total, there were 8,632 contacts made by Inspection Services staff during the fiscal year. On the liquor side, the Community Liaison Branch has made a significant impact on the prevention of compliance issues within the area of special occasion permits for community events, by meeting with organizers and stakeholders prior to the event.

In its second year of operation, the Community Liaison Branch saw a marked increase in requests for its services. Community workshops are designed for communities that are in the planning stages of a major event. In these workshops, volunteers are trained in enforcing liquor regulations. The workshops have been very popular and have been requested by regulatory agencies, such as law enforcement, as well as groups that are hosting an event. The Community Liaison Branch is currently modifying the workshop so that it can be offered to the staff of regular permittees, as requests for this service have also been received.

The formal activity of the branch resulted in face-to-face contact with 1,300 permittees and stakeholders, which is an increase of approximately 500 over 1999-2000. Feedback from both the public and from law enforcement and other regulatory agencies has been positive and indicates satisfaction with the services provided by the branch. It is anticipated that the branch will continue to be very active, as more contacts are made and the mandate of the branch changes to include additional services.

On the gaming side, the continued development of processes, staffing and training within provincial casinos has helped to stabilize the number of investigations arising from complaints. Inspection Services is in the process of enhancing its capacity to proactively monitor compliance, and to handle the increasing complexity of gaming security investigations within a growing industry.

The Audit Services Branch conducted 127 audits during the fiscal year, and improved and expanded its consultative services to the organization and the industry.

Feedback from both the public and from law enforcement and other regulatory agencies has been positive and indicates satisfaction with the services provided by the Community Liaison Branch.

As part of the Authority's participation in the *Have Someone for the Road* designated driver program, inspectors have been conducting random inspections of establishments to determine which ones are promoting the program. Those establishments found to be promoting the program are then entered in an incentive draw, which offers monthly and annual prizes. There were 87 contacts made during the year as part of the incentive program.

The Inspection Services Branch has 24 full-time equivalent positions. In 2000-2001, the Authority hired two senior investigators, and is in the process of hiring three investigators for the Regina office and two investigators for the Saskatoon office.

The Audit Services Branch ensures the financial activities of the industry are monitored and that these activities meet the required standards established by the Authority. A number of major investigations are conducted in cooperation with law enforcement and other regulatory agencies. The Authority works closely with the Provincial Auditor's Office.

In his special SIGA Audit Report, released on November 15, 2000, the Provincial Auditor recommended that the Authority frequently audit SIGA casinos and that the Authority establish rules and procedures to register all gaming suppliers as required by the *Alcohol and Gaming Regulation Act*. The Authority is addressing the challenge of designing systems and practices to regulate and monitor SIGA's casinos. In this regard, the Authority has allocated more resources in the audit and inspection areas to perform these functions.

In 2000-2001 the branch conducted audits of two of the province's First Nations casinos and one exhibition casino. The Audit Services Branch also participated in the special SIGA casino audit that was conducted by SLGA with the involvement of the Provincial Auditor. As a result of this audit, the Audit Services Branch is conducting more frequent audits of SIGA casinos and helping review the suitability of more prospective gaming suppliers applying for registration in the province.

The Audit Services Branch conducted 127 audits during the fiscal year, and improved and expanded its consultative services to the organization and the industry.

Consultative services included supporting the Licence Administration Branch in providing information on financial reporting and banking standards to the licencees at bingo association annual meetings, and assisting in the development of controls for the replacement of two internal computer systems at the Authority.

In addition, Audit Services continues to evaluate its role as a service provider to its clients. In that regard, the branch conducted a learning needs assessment to determine how to improve skill sets to meet the future needs of its clients and to set priorities that would enable the branch to provide a better service to its clients in the future.

The Audit Services Branch has the equivalent of 11 full-time positions and one half-time position.

Internal Operations

The Liquor and Gaming Authority strives to carry out its mandate through excellent customer service and progressive business operations, in an environment of mutual respect. During 2000-2001, the Authority took a number of actions to ensure continuous improvement in these areas.

Employee initiatives

Employees are the key resource of the Liquor and Gaming Authority. With a total staff of 749 as of March 31, 2001, the Authority is a significant employer with employees located in 64 communities throughout the province.

As of March 31, 2001, the Authority employed 347 permanent, 364 part-time and 38 casual staff. Seventy-three per cent of Authority employees (192 permanent, 321 part-time and 36 casual), were employed in the liquor store system.

The Authority is committed to being a progressive workplace. A foundation of this goal is creating a corporate culture that will make SLGA a workplace of choice for current and prospective employees. The corporate culture the Authority is striving to develop is described in its corporate vision as one of "excellent customer service, progressive business operations and an environment of mutual respect among all employees," and identified in its leadership vision as an organization where all staff "consistently demonstrate and inspire in others honesty, respect, trust and a positive, helpful attitude."

To support the development of a progressive workplace that will build the Authority's reputation as an employer of choice in an increasingly competitive labour market, the Human Relations Division was established in October 2000. This division brings together the Human Resources, Communications and Organizational Development Branches and provides these critical functions with a direct reporting relationship to the President. Through the creation of this division, these branches have also gained representation on the Authority's executive committee, which greatly enhances the Authority's capacity to respond strategically to human resource, organizational development and communications opportunities and issues.

In January 2001, the Policy and Planning Division was established. This division will draw together existing policy resources in the Authority and enhance those resources to provide the organization with strategic corporate policy, planning and evaluation services that effectively contribute to achieving the Authority's mission and vision. Examples of corporate policy work that this division will be responsible for include strategic planning/Balanced Scorecard, social responsibility, rural service initiatives, northern service initiatives, stakeholder consultations, gaming policy/gaming negotiations and interjurisdictional comparisons.

Since 1997, more than 550 staff across the Authority have taken the opportunity to learn about the concepts of personal choice, self-responsibility, accountability and self-evaluation through the Leadership Development Program. During 2000-2001, the Authority offered three workshops to provide continuing leadership skills development to staff who have completed the introductory Leadership Development workshop. In addition, a group of 25 managers as well as employees from across the Authority were selected to be the first group to take part in the Lead Management Development Program. During an 18-month

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The principles introduced through the Leadership Development Program have also provided the foundation for the development of a strong working partnership between the Saskatchewan Liquor and Gaming Authority management and the Saskatchewan Government Employees Union (SGEU).

period, this group is taking part in a series of related workshops and development activities that build upon and strengthen Leadership Development principles and skills and build leadership capacity across the Authority.

Leadership development is also playing a vital role in the Authority's commitment to develop an inclusive and diverse workplace. It is building an environment of mutual respect that assists in two key Authority initiatives: the implementation of initiatives under its Aboriginal Partnership Agreement (including cultural awareness education for all staff and initiatives to promote the hiring and retention of Aboriginal employees), and the development of a joint Employment Equity Plan. During 2000-2001, a joint union-management Employment Equity Committee was established and began its work by developing an information session to deliver to all staff in late spring 2001. A survey of all staff will also be conducted at the sessions to gather information that will assist the Authority in developing plans to achieve a representative workforce.

Customer Service Through Product Knowledge is another major education initiative that began during 2000-2001. SLGA had a comprehensive course designed and selected Authority staff to receive intensive training. These individuals are now in-house facilitators and will be delivering *Customer Service Through Product Knowledge* workshops to the Authority's retail staff starting in 2001-2002.

The principles introduced through the Leadership Development Program have also provided the foundation for the development of a strong working partnership between SLGA management and SGEU. In early 2000, the Authority and the three bargaining units of SGEU that represent Authority staff – the Liquor Board, Liquor Licensing and Gaming units – began negotiating a single amalgamated agreement for all in-scope employees.

In 2000-2001, the Authority completed the negotiations through a collaborative, joint problem-solving, interest-based process. The Authority and the SGEU also delivered joint educational meetings to explain the new collective agreement to all managers, supervisors and union stewards.

The Authority and the SGEU also established joint committees to study issues related to temporary performance, clothing allowance, part-time scheduling, store complement review, part-time staffing, and off-season employment.

Also in 2000-2001, the Authority and SGEU laid the groundwork for implementing an Extended Health Plan. The plan comes into effect for both in-scope and out-of-scope staff on April 1, 2001, providing peace of mind for Authority employees and their families, should any serious health problems arise.

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he Employee and Family Assistance Program (EFAP) s another initiative jointly coordinated by a committee f in-scope and out-of-scope employees. In 2000-2001, ne joint EFAP committee continued work to ensure idespread awareness of the program among staff y providing managers, supervisors and union stewards ith training regarding EFAP services and accessibility.

uring 1999-2000, the Authority and the SGEU also began esting an In-scope Classification Plan being jointly eveloped by a committee of in-scope and out-of-scope taff. The plan is an attempt to address concerns regarding qual pay for work of equal value, in accordance with the ay equity policy framework established by the provincial overnment. In 2000-2001, testing of the Plan was ompleted as was development and rating of a number f test positions.

he Authority also initiated an organizational review of nspection Services during 2000-2001. The purpose of the eview was to improve staffing levels, streamline processes o enhance regulation and monitoring of casino and other aming operations, and to address the complexity of ecurity investigations. Once the review was completed, rganizational changes were made: three Saskatoon liquor istricts were combined into two, inspection teams were reated, and districts reassigned to improve ommunications, management decision-making, and roaden inspector knowledge. The Authority also enhanced ne working relationship between Inspection Services nd Audit Services on security investigations and created Regulatory Officer category of inspection to increase fficiency of enforcement in rural areas of both liquor nd gaming regulatory controls.

Employee statistics for fiscal 2001

Total employees	2000	2001
Permanent	338	347
Part-time	407	364
Casual	42	38
Total	787	749
Liquor store employees		
Permanent	188	192
Part-time	363	321
Casual	39	36
Total	590	549

In addition to the reorganization of Inspection Services, a training plan was implemented for Inspection Services staff in response to changing regulatory environments and the legal demand for thorough reporting. Subjects covered in the training include interview and investigative techniques, statement taking and report writing, security and risk management for the gaming industry, and computer training.

oloyees are the key resource of the Liquor and Gaming Authority.
n a total staff of 749 as of March 31, 2001, the Authority is a significant employer
t has employees located in 64 communities throughout the province.

Employee and Family Assistance Program (EFAP) nother initiative jointly coordinated by a committee n-scope and out-of-scope employees. In 2000-2001, joint EFAP committee continued work to ensure espread awareness of the program among staff providing managers, supervisors and union stewards n training regarding EFAP services and accessibility.

ing 1999-2000, the Authority and the SGEU also began ing an In-scope Classification Plan being jointly eloped by a committee of in-scope and out-of-scope f. The plan is an attempt to address concerns regarding al pay for work of equal value, in accordance with the equity policy framework established by the provincial ernment. In 2000-2001, testing of the Plan was npleted as was development and rating of a number est positions.

Authority also initiated an organizational review of pection Services during 2000-2001. The purpose of the ew was to improve staffing levels, streamline processes enhance regulation and monitoring of casino and other ning operations, and to address the complexity of urity investigations. Once the review was completed, anizational changes were made: three Saskatoon liquor ricts were combined into two, inspection teams were ated, and districts reassigned to improve mmunications, management decision-making, and aden inspector knowledge. The Authority also enhanced working relationship between Inspection Services Audit Services on security investigations and created egulatory Officer category of inspection to increase ciency of enforcement in rural areas of both liquor gaming regulatory controls.

Employee statistics for fiscal 2001

Total employees	**2000**	**2001**
Permanent	338	347
Part-time	407	364
Casual	42	38
Total	**787**	**749**
Liquor store employees		
Permanent	188	192
Part-time	363	321
Casual	39	36
Total	**590**	**549**

In addition to the reorganization of Inspection Services, a training plan was implemented for Inspection Services staff in response to changing regulatory environments and the legal demand for thorough reporting. Subjects covered in the training include interview and investigative techniques, statement taking and report writing, security and risk management for the gaming industry, and computer training.

Use of the Internet will be a key enabler of the Authority's success.

Corporate initiatives

The Authority is investing considerable resources in various technology projects to enable business units to meet their service and operational goals. This investment also addresses the Government of Saskatchewan's goal of achieving a high degree of online forms (by 2002) and transactions (by 2004) available to the public via the Internet. Projects include:

- **Product Inventory and Sales Management (PRISM) system upgrade.** This project involves the complete replacement of the current inventory and sales management system (STICS) developed in the late 1980s. It will fundamentally replace all supply chain-related systems for liquor products (i.e., procurement, distribution, product costing, traffic, customs/excise, customer ordering, shipping, etc.). The impetus for this project is the December 2001 national conversion to Universal Product Code (UPC) for all liquor products. As a result of the business process improvement reviews conducted within the scope of this project, SLGA will enhance its ability to trade electronically with the Authority's commercial permittees, franchises and suppliers. Use of the Internet will be a key enabler of SLGA's success, and the addition of remote handheld scanning devices for warehouse staff will result in increased efficiencies by the expected implementation date of March 2002.
- **Retail liquor stores – point of sale (POS).** This project involves the complete replacement of the hardware and software systems associated with the point-of-sale cash register system in the retail stores. The national conversion to UPCs on liquor products is a driving force in the implementation of the new system, along with the aging POS hardware and technology base. Upgrades are required to prepare for the implementation of scanning for UPCs, Internet sales, on-line special ordering, on-line consumer access for information regarding items such as special occasion permits and an increased flexibility to meet/adapt to the changing consumer demands. The first phase is the implementation of scanning equipment in all stores, which will occur late in 2001. Complete replacement of the hardware and software is scheduled for March 2003.
- **E-government.** Various activities relating to achieving a wide and thorough presence on the Internet for SLGA customers, suppliers and employees has begun. Various infrastructure elements are, or soon will be, in place that will allow for the rapid deployment of several initiatives including on-line availability of policy and operating manuals for employees, purchase order confirmation by suppliers, product catalog and ordering by customers plus numerous other applications developed through the PRISM, Licensing and POS projects.

Financial | Five Year Review

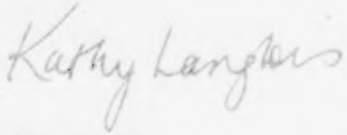
	1996/97 (000's)	1997/98 (000's)	1998/99 (000's)	1999/2000 (000's)	2000/01 (000's)
Liquor Sales					
Spirits					
Canadian	$ 106,040	$ 109,567	$ 113,900	$ 114,437	$ 114,012
Imported	22,539	21,769	21,418	22,973	24,761
	128,579	131,336	135,318	137,410	138,773
Wines and Ciders					
Canadian	14,094	14,872	15,248	15,920	15,989
Imported	12,099	13,164	13,845	15,452	15,790
	26,193	28,036	29,093	31,372	31,779
Beer, Ale and Stout					
Canadian	138,601	149,636	155,155	158,687	162,823
Imported	1,375	1,835	2,294	2,373	2,747
	139,976	151,471	157,449	161,060	165,570
Allied Sales	83	79	103	142	225
Total Liquor Sales	**294,831**	**310,922**	**321,963**	**329,984**	**336,347**
VLT Sales	173,568	186,853	199,301	214,845	224,860
Total Sales	**468,399**	**497,775**	**521,264**	**544,829**	**561,207**
Cost of Sales	(176,182)	(188,204)	(196,206)	(204,157)	(210,775)
Gross Profit	**292,217**	**309,571**	**325,058**	**340,672**	**350,432**
Operating Expense	(48,182)	(50,099)	(51,314)	(50,753)	(54,581)
Other Income	5,934	6,118	10,937	10,785	7,405
Casino Income	2,294	22,342	17,000	13,374	18,643
Operating Income	**252,263**	**287,932**	**301,681**	**314,078**	**321,899**
Federal Tax Expense (GST)	(2,564)	(2,781)	(2,752)	(2,747)	(2,897)
Net Income	**249,699**	**285,151**	**298,929**	**311,331**	**319,002**
Beginning Retained Earnings	233,043	482,742	417,893	386,822	698,153
Transfer to General Revenue Fund	0	(350,000)	(330,000)	0	(1,016,212)
Ending Retained Earnings	$ 482,742	$ 417,893	$ 386,822	$ 698,153	$ 943

Financial | Management's Report

The accompanying financial statements, and related financial information throughout the Annual Report, have been prepared by management using Canadian generally accepted accounting principles. Management is responsible for the integrity, objectivity and reliability of the financial statements.

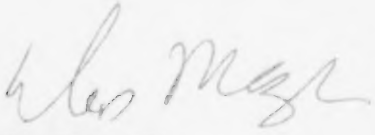
Management of the Authority has established and maintains a system of internal controls that provides reasonable assurance that transactions are recorded and executed in compliance with legislation and authority; assets are safeguarded; there is an effective segregation of duties and responsibilities; and, reliable financial records are maintained. An auditing function exists within the Authority that objectively assesses the effectiveness of internal controls.

The Provincial Auditor has examined the Authority's financial statements. The Auditor's Report to the Members of the Legislative Assembly of Saskatchewan expresses an independent opinion of the fairness of presentation of the Authority's financial statements in accordance with Canadian generally accepted accounting principles.



Kathy Langlois
President/CEO

Barry Lacey, CMA, CA
Vice-President, Corporate Services



Wes Mazer, CMA
Manager, Financial Services

inancial | Auditor's Report

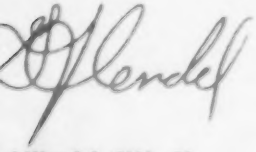
the Members of the Legislative Assembly of Saskatchewan:

ave audited the statement of financial position of the Liquor and Gaming Authority as at March 31, 2001
d the statements of operations and retained earnings, and cash flows for the year then ended. The Authority's
anagement is responsible for preparing these financial statements for Treasury Board's approval. My responsibility
to express an opinion on these financial statements based on my audit.

onducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require
at I plan and perform an audit to obtain reasonable assurance that the financial statements are free of material
sstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the
ancial statements. An audit also includes assessing the accounting principles used and significant estimates made
management, as well as evaluating the overall financial statement presentation.

my opinion, these financial statements present fairly, in all material respects, the financial position of the Authority
at March 31, 2001 and the results of its operations and its cash flows for the year then ended in accordance with
nadian generally accepted accounting principles.

gina, Saskatchewan
ne 15, 2001



ed Wendel, CMA, CA
ting Provincial Auditor

Financial | Statements

Statement 1

Liquor and Gaming Authority | Statement of Financial Position
As at March 31

	2001 (000's)	2000 (000's)
Assets		
Current assets:		
Cash	$ 1,765	$ 849
Due from General Revenue Fund (Note 3)	13,867	40,922
Deposits in General Revenue Fund (Note 4)	---	631,200
Accounts receivable (Note 7)	18,502	11,054
Prepaid expenses	1,813	2,149
Inventories (Note 5)	14,593	14,675
	50,540	**700,849**
Capital assets (Note 6)	31,818	32,040
Deferred Goods and Services Tax (Note 8)	557	515
	$ 82,915	**$ 733,404**
Liabilities and retained earnings		
Current liabilities:		
Accounts payable	$ 12,026	$ 11,766
Due to General Revenue Fund (Note 4)	46,012	---
Accrued pension liability (Note 9)	23,934	23,485
	81,972	**35,251**
Retained earnings (Statement 2)	943	698,153
	$ 82,915	$ 733,404
Commitments (Note 10)		

(See accompanying notes to the financial statements)

Statement 2

Liquor and Gaming Authority | Statement of Operations and Retained Earnings

For the Year Ended March 31

	2001		2000
	Budget *(000's)* (Note 12)	**Actual** *(000's)* (Note 17)	**Actual** *(000's)*
Revenues:			
Liquor sales (Note 13)	$ 331,552	$ 336,347	$ 329,984
VLT	225,827	224,860	214,845
Slot machines at SIGA (Note 14)	55,210	64,208	65,557
Other income (Schedule 2)	9,158	7,405	7,781
	621,747	632,820	618,167
Direct expenses:			
Cost of liquor sales	170,418	176,161	170,959
VLT site commissions	37,227	34,614	33,198
	207,645	**210,775**	**204,157**
Operating expenses (Schedule 1):			
VLT, Liquor, and Other Gaming	60,498	54,581	47,749
Goods and Services Tax (Note 8)	3,784	2,897	2,747
Slot machines at SIGA (Note 14)	37,150	43,338	50,088
SIGA table and ancillary operation losses (Note 15)	2,260	2,227	2,095
	103,692	**103,043**	**102,679**
Net income for the year	$ 310,410	319,002	311,331
Retained earnings, beginning of year		698,153	386,822
		1,017,155	698,153
Transfer to General Revenue Fund (Note 4)		1,016,212	---
Retained earnings, end of year - to Statement 1		$ 943	$ 698,153

(See accompanying notes to the financial statements)

Statement 3

Liquor and Gaming Authority | Statement of Cash Flows
For the Year Ended March 31

	2001 (000's)	2000 (000's)
Cash flows from operating activities:		
Cash receipts from customers	$ 621,219	$ 613,987
Interest received	4,153	5,024
Cash paid to suppliers and employees	(289,755)	(283,028)
Goods and Services Tax paid (Note 8)	(15,487)	(13,363)
	320,130	**322,620**
Cash flows from investing activities:		
Purchase of capital assets	(7,269)	(12,183)
Cash flows from financing activities:		
Cash deposited in General Revenue Fund (Note 4)	(339,000)	(313,200)
Net (decrease) in cash	(26,139)	(2,763)
Cash, beginning of year	41,771	44,534
Cash, end of year	$ 15,632	$ 41,771
Cash consists of:		
Cash	$ 1,765	$ 849
Due from General Revenue Fund	13,867	40,922
	$ 15,632	$ 41,771

(See accompanying notes to the financial statements)

Financial | Notes to the Financial Statements

Liquor and Gaming Authority | Notes to the Financial Statements
March 31, 2001

1. Description of Business

The Liquor and Gaming Authority operates under the authority of *The Alcohol and Gaming Regulation Act.* The Authority's mandate is to support, develop and regulate the Saskatchewan liquor and gaming industries and to maximize public benefit through high-quality services and products.

The Authority operates retail liquor stores and video lottery terminals. The Authority also owns and operates the slot machines at Saskatchewan Indian Gaming Authority's (SIGA) casinos. SIGA's slot machine revenue and expenses are included in these financial statements.

2. Significant Accounting Policies

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles. The significant policies that have been adopted are described below.

(a) Revenue

Liquor Sales

Sales are reflected in the accounts net of returns, container deposits, GST, Liquor Consumption Tax and discounts.

Licence Fees

Pursuant to *The Gaming Licensing Regulations*, the Authority charges an application fee for gaming licences. A fee based on net revenues generated is levied only on exhibition casino licensees.

Video Lottery Terminals (VLTs)

Revenue is recorded net of prize payouts.

Slot Machines at SIGA

Revenue from casino slot machines at SIGA are recorded net of prizes paid out and accruals for anticipated amounts to be paid out for progressive jackpots.

(b) Inventories

Inventories of wine, coolers, spirits and beer are valued at the lower of cost and net realizable value.

(c) Capital Assets

Capital assets are stated at cost less accumulated amortization. Amortization is calculated on a straight-line basis at rates designed to allocate the cost of the capital assets over their estimated useful lives. Rates are as follows:

Buildings	2.5% - 5% per annum
Equipment	15% - 33% per annum
VLTs & Slots	20% per annum

Leasehold improvements are amortized over the term of the lease.

(d) Pension Expense

Effective January 1, 2000, the Authority adopted prospectively the new accounting recommendations for employee future benefits. As a result of this change, the transitional obligation is being amortized over the estimated remaining service life of the members of the defined benefit plan. The cost of the pension benefits earned by employees who are members of the Authority's defined benefit plan, known as the Liquor Board Superannuation Plan, is determined using the projected benefit method prorated on service. The amount of the expense reflects management's best estimate of the plan's expected investment performance, salary escalation, mortality of members, terminations, the ages at which members will retire and ad hoc increases, based upon the Consumer Price Index, to be granted by the Lieutenant-Governor in Council.

The discount rate used to determine the accrued benefit obligation was determined by referring to market interest rates at the measurement date on high-quality debt instruments with cash flows that match the timing and the amount of expected benefit payments. Pension plan assets are valued at fair value (market value) for the purposes of calculating the expected return on plan assets. The net actuarial gain (loss) and plan amendments are amortized beginning in the year they arise over the expected average remaining service life of members of the defined benefit plan.

The Authority also has employees who are members of a defined contribution pension plan. Employee contributions are matched by the Authority and expensed in the period made.

(e) Grants

Grants are recognized when approved and eligibility criteria, if any, have been met.

3. Due from General Revenue Fund

Most of the Authority's bank accounts are included in the Consolidated Offset Bank Concentration (COBC) arrangement for the Government of Saskatchewan. Earned interest is calculated and paid by the General Revenue Fund on a monthly basis into the Authority's bank accounts using the Government's thirty day borrowing rate and the Authority's daily bank balance. The Government's average 30 day borrowing rate for 2000/01 is 5.59% (1999/00 – 4.79%). The Government stopped paying interest on the Authority's bank accounts in January 2001.

4. Disposition of Retained Earnings

Section 175(5) of *The Alcohol and Gaming Regulation Act* (Act) allows the Authority to provide interest-free advances to the Minister of Finance for deposits in the General Revenue Fund (GRF) until the Treasury Board determines the disposition of the Authority's retained earnings. Under section 175(1) of the Act, the Treasury Board may, at any time, direct that all or any portion of the Authority's retained earnings be transferred to the GRF. The Treasury Board has directed the Authority to transfer $1,016,212 (2000 - $0) to the GRF pursuant to section 175(1) of the Act. At March 31, amounts (due to)/deposits in GRF were determined as follows:

	2001 (000's)	2000 (000's)
Deposits in GRF at beginning of year	$ 631,200	$ 318,000
Deposits during the year pursuant to Section 175(5)	339,000	313,200
Transfer to General Revenue Fund pursuant to Section 175(1)	(1,016,212)	---
(Due to)/ Deposits in GRF at end of year	**$ (46,012)**	**$ 631,200**

5. Inventories

	2001 (000's)	2000 (000's)
Wines, coolers and spirits in stores	$ 6,989	$ 6,211
Wines, coolers and spirits in warehouse	6,990	7,708
Beer in stores	614	756
	$ 14,593	$ 14,675

6. Capital Assets

	2001			2000		
	Cost (000's)	Accumulated Amortization (000's)	Net Book Value (000's)	Cost (000's)	Accumulated Amortization (000's)	Net Book Value (000's)
Sites	$ 2,321	$ ---	$ 2,321	$ 2,074	$ ---	$ 2,074
Buildings	21,457	9,939	11,518	20,290	9,524	10,766
VLTs	34,137	33,460	677	36,669	31,761	4,908
Slots (see Note 14)	10,998	8,492	2,506	10,652	7,165	3,487
Furniture & equipment	23,644	11,645	11,999	19,893	11,067	8,826
Leasehold improvements	5,998	3,201	2,797	5,181	3,202	1,979
	$ 98,555	$ 66,737	$ 31,818	$ 94,759	$ 62,719	$ 32,040

7. Accounts Receivable

	2001 (000's)	2000 (000's)
SIGA slot machine receivable	$ 12,985	$ 6,113
VLT receivable	3,971	3,123
Other	1,546	1,818
	$ 18,502	$ 11,054

8. Goods and Services Tax

The Authority is on the prescribed list of lottery corporations pursuant to Section 188 of the *Federal Excise Tax Act*. In lieu of collecting GST on VLT and slot revenue at the retail level, the Authority calculates and remits GST according to a formula prescribed by Canada Customs and Revenue Agency.

The formula requires the Authority to pay 14% on the purchase of taxable goods and services related to gaming programs and 7% on VLT site contractor commissions. One-half of the GST paid on gaming program capital assets is set up as a deferred tax and is amortized on a straight-line basis over the useful life of those capital assets.

9. Pension Plan

The Authority sponsors a defined benefit plan and a defined contribution plan covering nearly all of its employees. The defined contribution plan is the Public Employees Pension Plan. During the year, the Authority paid to the defined contribution plan a total of $907,323 (2000 - $756,000) as matching contributions.

The Liquor Board Superannuation Commission administers the defined benefit plan, called the Liquor Board Superannuation Plan (Plan). This Plan has been closed to new members since 1977.

Aon Consulting Inc performed the accounting valuation of the Plan as at December 31, 2000. The following significant assumptions were adopted in measuring the accrued benefit obligation:

	2001
Expected long term rate of return on plan assets	6.25%
Discount rate	6.25%
Salary increases	3.25%
Inflation	3.25%
Ad hoc increases to pensions as % of Consumer Price Index	50%
Expected Average Remaining Service Life	8.5 years

The accrued benefit obligation is based on a number of assumptions about future events, including discount rate, salary increases, inflation and ad hoc indexing. A 1% change in the following assumptions has the following impact on the accrued benefit obligation:

Assumption	Impact *(% of ending accrued benefit obligation)*
Interest	11.0
Salary	1.5
Inflation	5.0

The Authority's pension expense is:

		2001 *(000's)*
Current service cost – defined benefit plan	$	328
Current service cost – defined contribution plan		907
Interest cost		2,578
Expected return on pension plan assets		(861)
Amortization of net transitional obligation		535
Amortization of actuarial gains		(46)
Early retirement benefits		24
Net pension expense	$	3,465

Information about the Authority's defined benefit plan is as follows:

		2001 *(000's)*
Accrued benefit obligation		
Accrued benefit obligation, beginning of year	$	42,211
Current service cost – employer		328
Current service cost – employee		177
Interest cost		2,580
Benefits paid		(2,928)
Accrued benefit obligation, end of year	$	42,368

		2001 *(000's)*
Plan assets		
Fair value of plan assets, beginning of year	$	14,176
Actual return on plan assets		1,252
Employer contributions		1,969
Employee contributions		177
Benefits paid		(2,928)
Fair value of plan assets, end of year	$	14,646
Funded status - Plan deficit	$	27,722
Unamortized transitional obligation		(4,015)
Unamortized net actuarial gains		227
Accrued pension liability	$	23,934

10. Lease Commitments

The Authority, as lessee, is committed under operating leases on leased premises with future minimum payments due as follows:

Year Ending March 31		2001 *(000's)*		2000 *(000's)*
2001	$	---	$	2,673
2002		2,571		2,192
2003		2,104		1,722
2004		1,936		1,592
2005		1,764		1,375
2006		1,438		---
Subsequent years		5,641		3,274
Total	**$**	**15,454**	**$**	**12,828**

11. Fair Value

Cash, due from General Revenue Fund, due to General Revenue Fund, deposits in General Revenue Fund, accounts receivable and accounts payable are all short-term in nature and as such their carrying value approximates fair value. Fair value for accrued pension costs has not been included because it is not practicable to determine fair value for pension costs.

12. 2001 Budget

These amounts represent the budget approved by Treasury Board.

13. Liquor Sales

		2001 *(000's)*		2000 *(000's)*
Wine, coolers and spirits				
In stores:				
- To permittees	$	32,312	$	30,558
- To public		116,239		115,612
		148,551		**146,170**
To franchises:				
- To permittees		5,139		4,976
- To public		19,833		20,151
		24,972		**25,127**
		173,523		**171,297**

Beer		
- To permittees	116,023	113,910
- In stores	43,771	41,927
- To franchises	3,030	2,850
	162,824	158,687
Total	**$ 336,347**	**$ 329,984**

14. Casino Operating Agreement with the Saskatchewan Indian Gaming Authority

On February 10, 1995, the Government of Saskatchewan made an agreement (Framework Agreement) with the Federation of Saskatchewan Indian Nations (FSIN), for the purpose of increasing economic and employment opportunities for Aboriginal peoples through casino development within the parameters of *The Criminal Code of Canada.*

To implement the above, the Authority and the Saskatchewan Indian Gaming Authority (SIGA) made agreements for casino operations and slot machine management. The Casino Operating Agreement requires SIGA to pay the net profits from slot machines to the Authority. The Slot Machine Management Agreement ensures the Authority recovers at least the cost of slot machines, the related computer system, and interest over 5 years. The net profits from the SIGA operated casinos flow through the Authority to the Government's General Revenue Fund (GRF). The Government retains a portion of those net profits in the GRF and appropriates the remaining net profits to the First Nations Fund (FNF), the Associated Entities Fund (AEF), and Community Development Corporations (CDCs) in accordance with *The Saskatchewan Gaming Corporation Act* and the 1995 Framework Agreement as amended.

15. SIGA Table Games and Ancillary Operations

Under the Casino Operating Agreement between SIGA and the Authority, SIGA is permitted to allocate its losses from table games and ancillary operations as cost of operation of slot machines. During the year, SIGA allocated the following losses as cost of operation of slot machines:

	2001 *(000's)*	2000 *(000's)*
Table games revenues	$ 7,231	$ 6,775
Table games expenditures	7,870	7,266
Net losses from table games	**$ 639**	**$ 491**
Ancillary operations revenues	$ 2,732	$ 2,615
Ancillary operations expenditures	4,320	4,219
Net losses from ancillary operations	**$ 1,588**	**$ 1,604**
Total losses allocated	**$ 2,227**	**$ 2,095**

16. Recovery from First Nations Fund

On June 20, 2000, the Authority announced the formation of a team to perform an investigation of financial management controls at SIGA. The mandate of the team was to investigate how SIGA used public money and SIGA's rules and procedures to safeguard and control public money.

The investigators found SIGA's governance and financial management practices were unacceptable and resulted in improper use of public money. Specifically, the investigators found improper use of corporate debit and credit cards by the CEO, inadequate or no support for many payments, unauthorized salary advances, unreasonable travel and accommodation expenses, related party contracts in excess of fair market values, and contracts of indeterminable or questionable value.

In March 2001, the Authority determined SIGA's expenses totalling $2.3 million (for the period from November 1997 to June 2000) were not reasonable. The Authority determined SIGA's unreasonable expenses totalled $2.1 million for the period from November 1997 to March 31, 2000, and $0.2 million for the period from April 1, 2000 to June 24, 2000. On March 12, 2001, the Authority informed SIGA about the Authority's final calculations of SIGA's unreasonable expenses. The unreasonable expenses resulted in lower net profit for the above periods.

In accordance with *The Saskatchewan Gaming Corporation Act* and the 1995 Framework Agreement, the net profits of SIGA are shared between the GRF, AEF and CDCs (see Note 14). Had SIGA not incurred the unreasonable expenses, higher net profits would have been available to the GRF, AEF, FNF, and CDCs. The GRFs, AEFs, and CDCs share of the higher net profits would have been $1.36M. Under an agreement dated December 1, 1995, between the Government and the FSIN, the FNF is responsible for any money that is rightfully due from SIGA. Accordingly, FNF owes the Government's GRF a total of $1.36 million for unreasonable expenses of SIGA.

The Government plans to recover $1.36 million from the future payments out of the GRF to FNF. Accordingly, the Authority has not recorded the recovery from FNF in these financial statements.

17. Segmented Information

The Authority operates in four segments: liquor, VLT, slots in SIGA casinos and other gaming.

The liquor segment reflects the retailing and licensing of beverage alcohol activities within the province.

The VLT segment pertains to the operation of the VLT program under the authority of Section 207 of *The Criminal Code and The Alcohol* and *Gaming Regulation Act*.

The slots in SIGA casinos segment reflect the operations of slot machines in casinos run by the SIGA (see Note 14 and 15).

The Other Gaming segment reflects the licensing and support of charitable and religious organizations that conduct and manage bingos, casinos, raffles and break-open ticket sales and the regulation and support of the horse racing industry. The following table shows key amounts by segment.

Segments

	2001 (000's)					2000 (000's)
	Liquor	VLT	Slots in SIGA Casinos	Other Gaming	Total	Total
Revenues	$ 336,347	$ 224,860	$ 64,208	$ ---	$ 625,415	$ 610,386
Other Income	3,644	2,324	---	1,437	7,405	7,781
Total Revenues	339,991	227,184	64,208	1,437	632,820	618,167
Direct Expenses	176,161	34,614	---	---	210,775	204,157
Operating expenses	36,501	9,580	45,565	8,500	100,146	99,932
Goods and services tax	---	2,703	---	194	2,897	2,747
Total Expenses	212,662	46,897	45,565	8,694	313,818	306,836
Net income	127,329	180,287	18,643	(7,257)	319,002	311,331
Retained earnings, beginning of year	435,853	243,842	---	18,458	698,153	386,822
Transfer to General Revenue Fund	563,182	424,129	17,700	11,201	1,016,212	---
Retained earnings, end of year	$ ---	$ ---	$ 943	$ ---	$ 943	$ 698,153
Capital expenditure	$ 5,243	$ 148	$ 346	$ 1,532	$ 7,269	$ 12,183
Amortization	$ 2,112	$ 2,146	$ 1,513	$ 1,475	$ 7,246	$ 6,173

18. Related Parties

These financial statements include transactions with related parties. The Authority is related to all Saskatchewan Crown agencies such as departments, corporations, boards and commissions under the common control of the Government of Saskatchewan. Also, the Authority is related to non-Crown enterprises that the Government jointly controls or significantly influences.

Routine operating transactions with related parties are recorded at the standard rates charged by those organizations and are settled on normal trade terms.

In addition, the Authority pays Saskatchewan Provincial Sales Tax to the Saskatchewan Department of Finance on all its taxable purchases. Taxes paid are recorded as part of the cost of those purchases.

The Authority collected the following amounts for the Department of Finance:

	2001 (000's)	2000 (000's)
Container deposits on all wine, coolers, spirits and imported beer products	$ 4,590	$ 4,349
Liquor Consumption Tax	12,411	12,164
Container deposits on domestic beer sales	18,435	18,421

Other transactions with related parties and amounts due to/from them are described separately in the financial statements and the notes thereto.

19. Western Canada Lottery Corporation

The Saskatchewan Video Lottery Division of Western Canada Lottery Corporation (WCLC) managed the video lottery terminals and central computer system on behalf of the Authority throughout the year. WCLC provided accounting, purchasing, cash disbursements, human resources, and technical services for the VLT program. WCLC also manages the slot machines and related computer system at the Saskatchewan Indian Gaming Authority casinos (Note 14).

20. Comparative Figures

Certain comparative figures have been reclassified to conform with the current year's presentation.

Financial | Schedules

Schedule 1

Liquor and Gaming Authority | Schedule of Operating Expenses
For the Year Ended March 31

	2001		
	VLT, Liquor & Other Gaming *(000's)*	Slots in SIGA Casinos* *(000's)*	Total *(000's)*
Salaries, wages and fringe benefits	$ 28,444	$ 18,515	$ 46,959
Capital asset amortization	5,733	1,513	7,246
Professional and contractual services	4,704	2,253	6,957
Rent, utilities and insurance	4,368	4,931	9,299
Goods and Services Tax	2,897	1,952	4,849
Grants	2,701	725	3,426
Operations and maintenance	2,238	309	2,547
Travel and business	1,293	854	2,147
Information technology	1,285	---	1,285
Stationery and supplies	1,235	1,523	2,758
Communications	1,092	428	1,520
Debit/credit charges	554	---	554
Service charges and interest	336	71	407
Customer service programs	205	---	205
Sundry	119	383	502
Honoraria and related expenses	117	282	399
Stock dispositions	84	---	84
Advertising, printing and promotion	73	9,599	9,672
SIGA table and ancillary operation losses	---	2,227	2,227
	$ 57,478	$ 45,565	$ 103,043

Comparative figures were not readily available for Slots in SIGA Casinos. Information below provides operating expenses for VLT, Liquor, and Other Gaming only with comparative figures for 2000.

**Represents operating costs of SIGA Casinos.*

	2001 VLT, Liquor & Other Gaming (000's)	2000 VLT, Liquor & Other Gaming (000's)
Salaries, wages and fringe benefits	$ 28,444	$ 25,738
Capital asset amortization	5,733	3,169
Professional and contractual services	4,704	4,606
Rent, utilities and insurance	4,368	3,954
Grants	2,701	2,719
Operations and maintenance	2,238	1,460
Travel and business	1,293	1,164
Information technology	1,285	1,112
Stationery and supplies	1,235	1,322
Communications	1,092	969
Debit/credit charges	554	516
Service charges and interest	336	322
Customer service programs	205	248
Sundry	119	67
Honoraria and related expenses	117	124
Stock dispositions	84	169
Advertising and printing	73	90
	54,581	47,749
Goods and Services Tax	2,897	2,747
Total	**$ 57,478**	**$ 50,496**

Schedule 2

Liquor and Gaming Authority | Schedule of Other Income

For the Year Ended March 31

	2001 (000's)	2000 (000's)
Interest (Note 3)	$ 4,153	$ 5,024
Licence and other fees	1,384	1,201
Miscellaneous	834	564
Product displays	498	438
Permits	472	471
Mark-up collections at borders	64	83
	$ 7,405	**$ 7,781**

Saskatchewan Liquor and Gaming Licensing Commission

The Saskatchewan Liquor and Gaming Licensing Commission is an independent body that reviews decisions of the Liquor and Gaming Authority with respect to licensing, registration, cancellation and suspension issues. Any licensing party who disagrees with a decision of the Authority has the right to apply to the Commission for an appeal. Except in unusual circumstances, the Authority's decision is stayed by the Commission Chair, pending the ruling of the Commission.

During 2000-2001, the Commission scheduled 40 hearings to review various decisions made by the Authority and objections to permits being granted. Some of the hearings were held over several days. In order to accommodate the public, hearings are scheduled whenever possible at the nearest major centre to the cause of action. Eighteen hearings were held in Regina, and 22 hearings were held in Saskatoon.

The applications have included reviews of the Authority's decisions to grant and to refuse liquor permits and gaming licences to various establishments, organizations and the horse racing industry. Registration, cancellation, and suspension issues, as well as objections to the granting of permits are heard. Of the 40 hearings held, 16 were liquor related (five objection hearings and 11 assessment of penalty/suspension hearings). Eighteen hearings involved denials and suspensions/cancellations of gaming licences and/or gaming employee registration certificates. Of these 14 were denial hearings in respect to bingo and break-open licences, raffle lottery licences and gaming registration certificates, and four hearings were held to speak to cancellation of gaming registration certificates. There were five hearings held relating to horse racing, involving violations of various horse racing rules. Two applications for review were received by written submission, where the applicant requested no oral hearing and the material submitted was placed before the Commission for review.

Commission decisions are a matter of public record.

As of March 31, 2001, the Commission members are:

Colleen L. Wilson, LL.B. - ***Chairperson*** - Saskatoon
Allan Oliver - ***Vice-Chairperson*** - Aneroid
Violet Kyliuk - ***Member*** - Radisson
Elaine Driver - ***Member*** - Fillmore
Gilbert Pelletier - ***Member*** – Yorkton
William Nelson - ***Member*** – Regina
Jean MacKay – ***Member*** - Regina

The Commission has a full-time Registrar/Executive Secretary and has recently hired one casual staff member for periodic duties.

Since 1997, the Commission has initiated procedural changes and is constantly developing its own policies to continue to ensure equitable treatment of all parties appearing before it. The Commission also makes written recommendations to the Authority regarding any significant regulatory issues that come to its attention through contact with the industries within its jurisdiction. It also continues to stay up-to-date in the changing environment of administrative law.

The Commission's primary role is serving as an independent and fair quasi-judicial appellate body mandated to ensure proper application of the legislation and regulations governing the industries over which it has jurisdiction, while ensuring the fairness and integrity of those industries.

LIQUOR AND GAMING AUTHORITY

SUPPLEMENTARY FINANCIAL INFORMATION

FISCAL YEAR ENDING MARCH 31, 2001

(UNAUDITED)

PERSONAL SERVICES

Listed are individuals (excluding unionized employees) for whom $2,500 or more of expenses were recorded for salaries, wages, secondments, honorariums, etc.

Adams, Fiona	68,405
Anderson, Brad	42,769
Babichuk, Larry	56,905
Baird, Darrell	84,232
Banilevic, Valerie	68,640
Barber, Leonard	78,581
Barr, Kenneth	46,234
Barth, Karen	38,312
Baumann, Charlene	40,260
Beaudry, Ron	45,983
Briscoe, Michelle	54,397
Brown, Lorne	86,749
Bryce, Neil	42,004
Bryska, Nelson	58,847
Cameron, Gordon	39,300
Cantin, Ken	52,178
Chartrand, Gilles	61,308
Chaskavich, Patrick	42,061
Chatwell, Michael	43,884
Chomyn, Lorna	63,116
Claypool, Leary	73,493
Clements, Barry	42,932
Collins, Edmund	44,179
Courchene, Don	40,767
Cribb, Fiona	41,456
Decelles, Marcelle	41,450
Dennett, Lucinda	39,214
Deptuch, Sally	18,301
Deshaies, James	42,932
Dosenberger, Joe	18,965
Driver, Elaine	5,502
Fell, Ken	27,640
Frankowski, Gwen	73,261
Ganes, Terry	46,027

Glendinning, Peter	108,795
Gould, Jack	56,924
Greensides, Judy	42,435
Haggarty, Cindy	42,798
Harris, Garth	39,275
Hedley, Grant	52,398
Heidt, Arlene	40,642
Helgason, Myrna	40,572
Henschel, Gary	34,799
Hildebrandt, Barbara	58,715
Innes, David	50,278
Ironside, Dennis	53,625
Jacobson, Susan	37,916
Janvier, Jonas	47,710
Jeannotte, Barry	38,854
Jinks, Karen	10,987
Keel, Gloria	45,778
Kellington, Dale	46,225
Kostick, Daniel	2,524
Kraemer, Darrin	52,145
Krajewski, Derry	56,198
Kraushaar, Cliff	45,113
Kunkel, Wayne	84,102
Kuschak, Barb	40,612
Kyliuk, Violet	6,277
Lacey, Barry	12,509
Langlois, Kathryn	110,040
LaPlante, Ted	56,885
LaRocque, Karen	17,307
Larson, Ron	47,856
Lawrence, David	42,798
Lekivetz, Calvin	68,050
Lewis, Ross	28,652
Lillebo, Joan	40,456
Loran, Eva	40,599
Lovell, Melanie	63,042
Lucasavich, Walter	16,857
Markewich, Dale	22,615
Marr, William	87,702

Mathers, Robert	40,740
Mazer, Wesley	84,764
McBain, Bonnie	38,477
McNally, Derek	67,904
McRobb, Don	73,333
Messer-Lepage, Jacquie	75,782
Mildenberger, Greg	59,501
Mochoruk, Lori	36,727
Morgan, Dianne	64,401
Morin, Debra Lynn	34,823
Newell, Al	39,359
Nystrom, Doug	48,642
Oliver, Allan	7,130
Oystryk, Karen	38,731
Painter, Audrey	41,001
Pangracs, Rodney	78,563
Pawluk, Ron	56,921
Pederson, Janet	40,670
Pelletier, Gilbert	5,890
Perrault, Margo	40,197
Perrot, Anita	13,637
Peters, David	68,058
Petit, Ken	44,043
Pion, Josh	57,898
Poole, Brian	68,689
Rafter, Faye	16,572
Randall, Charles	2,725
Roske, Percy	40,404
Ruckaber, Gina	40,651
Sali, Ken	4,178
Sapieha, Richard	24,721
Sawka, Rick	38,787
Schachtel, Augustine	42,798
Schatz, Brian	9,828
Schindel, Doug	42,676
Schulz, Laurie	37,740
Schumann, Kathleen	38,608
Selinger, Jim	56,309
Semenuik, Greg	35,477

Shafer, Ray	40,726
Sharp, Sheila	38,021
Slind, Blair	56,822
Stettner, Linda	39,702
Storey, Marvin	41,571
Swan, Bonnie	93,163
Swan, Sam	73,820
Tetzlaff, Kathy	40,726
Thera, Leanne	79,996
Thomson, Lisa	58,786
Tosh, Duane	43,808
Toth, Ron	58,190
Triffo, Ken	21,449
Walters, Hal	40,935
Wawryk, Walter	40,754
Webb, Ted.	45,706
Weber, Paul	106,540
Welch, Dave	56,922
Wildeman, Mike	39,275
Wilson, Colleen	19,167
Winowich, Rita	40,861
Wirth, Lauren	43,780
Wlodarczyk, John	53,961
Wong, Lillie	78,366
Wood, Lisa Ann	78,282
Yee, Chris	22,915
Ziegler, David	40,740
Total Personal Services	$ 6,513,756

(UNAUDITED)

TRAVEL

Hamilton, Hon. Doreen	550
Other Travel	1,292,661
Total Travel	$ 1,293,211

(UNAUDITED)

GRANTS IN LIEU OF TAXES

Listed are cities and towns for whom $5,000 or more of grants in lieu of taxes were recorded.

City of:	
Estevan	11,846
Melville	8,800
Moose Jaw	5,051
North Battleford	20,612
Prince Albert	24,289
Regina	402,408
Saskatoon	243,024
Swift Current	16,736
Yorkton	17,733
Town of:	
Assiniboia	6,198
Battleford	6,060
Creighton	8,098
Esterhazy	6,128
Fort Qu'Appelle	8,304
Hudson Bay	5,165
Humboldt	15,214
Kamsack	9,129
Kindersley	9,741
La Ronge	6,363
Maple Creek	5,772
Meadow Lake	19,657
Melfort	10,361
Nipawin	6,877
Ponteix	5,195
Preeceville	6,386
Rosetown	8,635
Shaunavon	8,256
Shellbrook	14,801
Tisdale	7,039
Unity	7,552
Wadena	6,071

LIQUOR AND GAMING AUTHORITY

SUPPLEMENTARY FINANCIAL INFORMATION

2000 - 2001

Watrous	5,335
Weyburn	14,790
Wynyard	7,807
Total Cities and Towns	965,448
Grants in Lieu under $5,000	74,360
Total Grants in Lieu of Taxes	$ 1,039,808

(UNAUDITED)

LIQUOR AND GAMING AUTHORITY

SUPPLEMENTARY FINANCIAL INFORMATION

2000 - 2001

Listed are suppliers for whom $20,000 or more of expenses were recorded for the provision of goods and services including office supplies, advertising, contracts and equipment, etc. but not including alcoholic products.

A-1 Power Door Ltd.	54,766
Action Roofing Ltd..	86,097
Airline Motor Hotels Ltd..	68,421
Alsort Store Fixtures	43,832
Aon Consulting .	65,094
Arcon Services Ltd	58,405
Atomic Transfer Limited	47,791
B. Rajani Architect Ltd.	56,722
Bell Canada	89,244
Brian Schatz Consulting .	56,959
Bunzl Distribution	170,868
Canadian Pacific Limited	206,023
Checkpoint Canada Inc.	29,796
Cite Design	83,354
City of North Battleford .	269,367
Compaq Canada	43,746
Comprehensive Computer Consulting Corp	79,933
Compu-Redi Tenex	51,687
Countryside Electric .	26,036
Clarke Roofing .	55,466
Craftex Builders Inc.	1,083,472
Credit Union Central of Sask.	27,960
Daringer Transport Ltd.	57,571
David E. Richter	2,013,722
Diners Club Enroute	98,959
Direct Express	28,158
Dodge City Auto Ltd.	102,118
EDS Canada Inc.	413,098
EDS Innovations Inc..	279,047
Ernst & Young	461,397
Euroworld Transport System Inc.	136,448
Exalta Transport Corp.	55,362
F.P.R. Developments Ltd.	209,442

(UNAUDITED)

First Commercial Management	21,689
Frisco Bay	31,869
Front Runner Freight	350,635
G. Edwards Enterprises Ltd.	54,239
G.N. Johnston Equipment	35,818
Gardon Securities	75,427
GE Capital	40,346
Gene's Ltd	225,619
Geo H. Young & Co. Ltd.	23,916
Giorgio Gori SRL	97,492
Global Kiosk Systems Ltd.	30,815
Goldstein, Jackson, Scharfstein, Gibbings	135,058
Gorham Holdings Ltd	20,223
Graham Construction	27,832
Grand Avenue Developments	37,467
Greystone Investments Ltd.	84,198
Groskopf Logistics Services	22,088
Harvard Developments Ltd.	306,010
Harvard Property Management Inc.	97,952
Hawood Inn	66,883
Heritage Investments Ltd	29,820
Honeywell Ltd.	61,160
Hotel Saskatchewan	30,366
ICR Ashford Property Management	290,178
Ingeniux	148,847
ISC	90,400
J.F. Hillebrand	72,217
Jawz Inc.	30,144
Jays Moving & Storage Ltd.	301,236
JDA Intactix Canada	24,725
Johnston Pacific*Convey It.	59,663
Kaos Solutions	185,553
Kindersley Transport Ltd.	426,199
Larry's Installing & Repair	23,522
Larson Consultants	164,676
Lawrence F. Heinemann	20,000
McDougall Gauley	25,000
McLean Kennedy Inc.	31,256

(UNAUDITED)

Metro Canada Logistics Inc.	41,657
Metro Electrical Contractors	45,421
Mikohn Gaming Corporation	311,350
Modern Janitorial Service.	68,859
Monarch Construction Ltd.	118,012
Mr. Donald Head	36,745
Nascon Developments Ltd	409,765
National Refrigeration Heating	124,119
NCR Canada Ltd.	134,469
P.S.P. Holdings	140,903
Paradigm Consulting Group.	223,862
Pattison MGM.	74,876
PCL Maxam A Joint Venture.	87,811
Pensionfund Realty Limited	193,467
PeopleSoft Canada	127,909
Pettick Phillips Part. Archit.	31,627
Polar Refrigeration Service.	25,735
Prudhomme Trucks Ltd.	69,983
Q R X Technology Group	25,700
Quill Transport	44,177
Radisson Hotel Saskatoon.	28,406
Regina Exhibition Assoc..	744,962
Richard Weisbrod Trucking	46,095
Ridsdale Transport Ltd	376,326
Riocan Real Estate Investment	43,913
Riocan Real Estate Investment	284,985
Rocom Management Ltd.	276,157
Ross Equipment Limited.	93,930
Royal Bank Western Card Centre.	45,899
Sask Economic Development	48,300
Sask. Energy	199,816
Sask Power Corporation.	493,157
Sask Property Management Corp.	1,310,618
Sask Public Service Commission	155,018
Sask Responsible Gaming Commission	58,138
Saskatoon Prairieland Exhibition.	880,054
Sasktel CMR	412,737
Securicor Cash Services	92,968

(UNAUDITED)

Shippers Supply	25,440
Software Spectrum Canada	211,789
ST&J Retail Corporation	32,902
T. & T. Properties	188,394
Telephoto Technologies Inc	25,935
The Cadillac Fairview Corp. Ltd.	107,725
The Leader Post.	20,770
TMC Technology Mgmt. Corp.	84,338
Toshiba of Canada Limited	20,343
Towers Ltd.	88,329
Tropique Publisher	41,601
Unidesa Machines	30,120
Victory Construction Ltd.	71,525
Vitran	1,070,990
Voth's Contracting.	32,529
Wascana Gaming	169,500
WBM Office Systems	216,437
Western Retail Interiors.	24,748
Westridge Construction Ltd..	424,322
Wilson Banwell & Associates Ltd	36,647
WMS Gaming Inc.	212,844
Woloshyn & Company	238,897
Zeigler (France)	52,684
Total Supplier Payments	$ 21,767,702

(UNAUDITED)